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MEDICARE COVERAGE OF CATASTROPHIC HEALTH CARE COSTS: WHAT DO SENIORS NEED, AND WHAT DO SENIORS WANT?

HEARING

BEFORE THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

LAS VEGAS, NEVADA

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MEDICARE COVERAGE OF CATASTROPHIC HEALTH CARE COSTS: WHAT DO SENIORS NEED, AND WHAT DO SENIORS WANT?

TUESDAY, OCTOBER 10, 1989

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Las Vegas, NV.

The committee met, pursuant to notice, at 9:05 a.m., in the Hacienda Hotel, Las Vegas, Nevada, Hon. Harry Reid presiding.

Present: Senator Harry Reid.

Also present: Senator Richard Bryan.

Staff present: Ms. Mary Booth, staff assistant.

OPENING STATEMENT OF SENATOR HARRY REID

Senator REID. This U.S. Senate Special Committee on Aging is called to order. I welcome everyone here.

The Senate Aging Committee hearing on Medicare coverage of catastrophic health care is being held for the obvious reason that there are a lot of problems in this area that have been exacerbated by the actions taken by the House and the Senate this past week.

Again, I thank each of you for being here. Your being here I believe sends a strong message to my colleagues in Washington that you're not satisfied with the Federal Government's efforts on behalf of seniors and their health care needs.

Many of you, like me, want to see the Medicare Catastrophic Coverage Act repealed in its entirety.

In fact, Nevada, was at the forefront of the repeal movement. At the helm was, and still is, Dan Hawley, who is here with us today.

Just this past October 6 I voted in favor of total repeal. I would not have had the chance to vote for repeal had it not been for the efforts of Dan and Marcia Hawley and all of the members of the Seniors Coalition Against the Catastrophic Act and other grass roots seniors organizations not only here in Nevada, but across the whole country.

Unfortunately, only 25 of my colleagues joined with me in voting to put the Catastrophic Act behind us once and for all. Senator Bryan, I believe, was one of the wise 25.

The Senate eventually passed Senator McCain from Arizona's bill to eliminate the surtax and to retain a few of the Act's benefits. I am hopeful that when the House and the Senate meet to resolve their differences in a conference on this issue the House will prevail—that is, the act will be repealed.

Today we will hear people speak out against the Medicare Catastrophic Act, and I think my colleagues still need to hear those strong voices of opposition. However, I also feel strongly that we cannot repeal and just walk away. Seniors need help—particularly those who are in need of long-term care, those whose husbands or wives need constant care, or those who are too poor to even pay their required monthly Medicare premiums.

What Congress came up with in the Catastrophic Act was simply inadequate. It was inadequate with respect to the most common devastating health care cost, long-term care. It was inadequate with respect to alternative types of care such as home care and adult day care. It was inadequate in terms of its funding. Again, Congress cannot be allowed to walk away from the issue of the catastrophic health care costs suffered by many, many seniors.

I fear that without constant pushing from people like all of you, without further congressional hearings such as these, and without the continued dedicated efforts of my colleagues on the Special Committee on Aging, the Pepper Commission, the House Aging Committee, the Finance Committee, and the Ways and Means Committee, Congress will put its collective tail between its legs and run.

We want to begin this hearing today with a clip from a Baxter, Inc., film entitled "Can't Afford to Grow Old," which was first aired on Public Broadcasting Stations this past October 4. I hope that many of you were able to see the whole film. The clip is moving and I think it speaks for itself.

The problem we have in this modern, scientific world is that there is a piece of equipment that is not here, and it is on its way, so you're going to have to bear with us. When it does show up, we're going to show the film. I think it is a fitting way to start this hearing.

I am confident here that the hearing will produce some good results. I am also grateful that the Senate's schedule was such that we were able to keep this hearing as scheduled. We were supposed to be out of session starting Friday at noon, and I had a number of things scheduled for the weekend, including giving a speech for the induction of my son into the bar, but I was unable to make that and other engagements. I had three town hall meetings scheduled that I wasn't able to make on Saturday. The Senate's unpredictable schedule has caused a number of problems. In fact, I will have to cancel the hearing I was to hold in Reno on Thursday due to the Senate leadership having called us back to Washington to discuss the financial crisis this country faces.

The witnesses here today will offer timely words to Congress as it moves toward final consideration of this Catastrophic Act's future. They will also remind and inform all of us here and those back in Washington of the health care needs of seniors to which we must attend. Again I stress we cannot walk away.

In passing, let me just say that Mrs. Margaret Brock couldn't be with us today. She tried to be here. She went through a lot—and that is an understatement—in caring for her late husband. I wish to pay her special tribute and extend to her my personal thanks for sharing her experience with us, which will come very shortly.

In that we are not going to be able to have the film just now, I would like to begin this hearing with the testimony of the Governor of the State of Nevada, Bob Miller. We will then hear the testimony of Mrs. Margaret Brock, which will be presented by Mel Kalagian, the Senior Services liaison officer for the Mayor of the city of Las Vegas.

Governor Bob Miller.

Welcome, Governor.

STATEMENT OF HON. BOB MILLER, GOVERNOR, STATE OF NEVADA

Governor MILLER. Thank you, Mr. Chairman.

Mr. Chairman, distinguished guests, I would like to thank the U.S. Senate Special Committee on Aging for holding hearings in the State of Nevada today.

Let me begin by assuring everyone in the room that I desire to participate because of the importance of these particular hearings. By the same token, I recognize that the best input will come from those who are directly affected by this legislation, and I will, for that reason, keep my remarks very brief so that everyone will be afforded an opportunity to present their testimony to you, Senator Reid.

Nevada has been a leader in the battle to change Medicare from the catastrophic health care funding formula. Nevada's seniors—many of you in this room today—were among the first to sound the call for change, and rightfully so. Reform is necessary. Seniors have increased, and anyone who knows the struggle and the weight of the rising health care costs knows the reasons for these hearings.

The total burden of this expensive program has been placed on the backs of those with fixed incomes, and that is unjust. Parents of school-aged children do not shoulder the entire burden for the cost of public education. It is unconscionable to force seniors to pay the total cost.

Senator Reid, I know that you are aware, but, for the record, 10 percent of Nevada's seniors live at or below the poverty line. As the funding mechanism has matured, it has destroyed the budgets of Nevada's seniors.

One word of caution, Senator, that I would like to deliver to your colleagues if they think this plan should be scrapped in its entirety: "Don't throw out the baby with the bath water." Protect seniors from the ravages of catastrophic illness. Many seniors live on the brink of poverty. Catastrophic illness like cancer, stroke, or Alzheimer's disease can easily push them over that brink.

Seniors in this State and across the country live in constant fear that one major illness can totally destroy their lives and the lives of their loved ones. Seniors in Nevada deserve the fairness of fixed funding formula. Make catastrophic health care work.

I appreciate the opportunity for me to be here, Senator. As I indicated, I will keep my remarks limited to those that I have delivered to afford the many seniors present the opportunity to testify.

Senator REID. Governor, just one additional thing that I'd like to say to you—and it is in the form of a question. One of the old

tricks we have had in Washington for years is creating programs and then not properly funding them so that the burden is left here on the State. I have had people say to me back there, "Why worry? If it is not covered with Medicare, Medicaid will pick it up." Of course, that is a tremendous burden on the State that you have to deal with on an everyday basis, is that not true?

Governor MILLER. That is absolutely correct. I made a statement at the National Governors' Meeting this summer which was certainly not intended for you or Senator Bryan because you, as you have indicated, recognize it. But, as I said to the President even in Charlottesville, and as I said to the Nation's Governors there, it is not the responsibility of the Federal Government to pick the programs and the responsibility of the States to pick the taxes to pay for those programs. We want to work together. We recognize the needs, and I know that you, personally, know that.

Senator REID. Thank you very much, Governor.

Mel, please proceed.

STATEMENT OF MRS. MARGARET BROCK, PRESENTED BY MEL KALAGIAN, SENIOR SERVICES LIAISON, OFFICE OF THE MAYOR

Mr. KALAGIAN. Thank you, Senator.

As you said a few seconds ago, Mrs. Brock was unable to attend this morning because she is heavily arthritic. I asked her to attend, so she prepared a statement that I am going to read at this committee hearing, and I will proceed to do that. I am very honored to be here today to represent Mrs. Brock to present this, because she was one of my clients going back several years ago when I first got on the case to assist her and her husband.

I am going to proceed with the testimony that I had her type up.

I would prefer to be with you and all of the people who have attended this most important meeting. Physically, I'm unable to. What I have to say is not only for myself, but also for all of the senior citizens who are finding themselves in a situation even worse than the one in which I found myself 6 years ago.

Catastrophic health care will make conditions even worse than at that time. My husband and I believed we had taken care of the future—so-called retirement. Shortly after his retirement, I began to notice a strangeness in his behavior. To shorten this, the strangeness was the beginning of Alzheimer's disease.

I managed to take care of him at home for over a year. Then he became violent, incontinent, and didn't know where he was. He was past 80 years old when he worsened to this point. I was 16 years younger, but a severe arthritic. It finally became impossible to cope with this situation.

This is where it really gets sticky. I learned that one can get no Medicare assistance in a health care facility for an extended time. Consequently, the entire expense was placed on me. The first month had to be paid in advance, plus transportation to the facility. All in all, it was $2,000 before he was even admitted. Then came the extras—diapers, medications, etc. You are looking at approximately $2,300 a month. And it went up to $2,600, by the way.

I wasn't told—I'm not the only one—that at this point our assets should be divided into two separate accounts—his and mine—paying his expenses from his account. This went on for over 2 years until I felt like a drowning person must feel. At $2,200 to $2,300 per month, plus what it cost to keep our house and just exist, you can well imagine the sheer terror I experienced.

Fortunately, a friend had occasion to meet Mel Kalagian and suggested I contact him. She felt that he could help me. I shall be eternally grateful to him and Gloria Daniels of the Welfare Division for their unflagging efforts to assist. The main point of this is that no one at this age should have to go through this. People work and save for the "golden years" only to have it all swept away—in part by lack of knowledgeable people in charge of these facilities, but mainly what Medicare does not cover. Catastrophic health care doesn't solve this problem. Most older people

don't need to stay indefinitely in a hospital. They need supervised care in a clean, pleasant facility.

The answer would be to repeal the Catastrophic Health Care bill. Start over. Allow assistance by Medicare for the actual needs of the elderly. It's horrifying to think of anyone else going through what I and friends of mine have, both emotionally and materially. To make it worse, being taxed for money we've already paid taxes on. This bill could not possibly have been thoroughly thought out by people with the welfare of the elderly at heart.

Praying for more understanding in Congress for Seniors, Sincerely, Margaret Brock.

Senator REID. Mr. Kalagian, would you state for the record what your background and experience is in working for seniors?

Mr. KALAGIAN. Yes, Senator. I have 15 years of experience as a social worker with the senior population—initially with the senior companions and the senior center, and now with the Mayor's office. I am working directly with the senior population.

Senator REID. What were your duties in those two capacities?

Mr. KALAGIAN. Working directly with—I call it in the trenches with the seniors. Actually working with them on a one-to-one basis. Talking with them. Helping them with their financial problems. Helping with whatever services that were available in the community—it may be Federal, State, city, or county services—to make it a little easier for them to sustain their lifestyle.

Senator REID. And during this period of time that you worked as a senior advocate, did you run into people like Margaret Brock? Is her situation unique?

Mr. KALAGIAN. No. No, it is not unique. It is just one person that I felt—I would have liked to have had her be here, but she was unable to come. She was just one person that was well-versed.

Senator REID. Margaret Brock, then, represents a segment of our society that is underrepresented and undercared for; is that true?

Mr. KALAGIAN. Very much so, Senator.

Senator REID. Thank you very much.

Mr. KALAGIAN. Thank you.

Senator REID. Is the film ready now?

TECHNICIAN. Yes, sir.

Senator REID. It is? OK. This film is less than 10 minutes, but I think it is illustrative of the catastrophic care needs facing our Nation's elderly.

[Video presentation.]

Senator REID. Senator Bryan is not here yet, so we will proceed to the next panel of witnesses: Daniel Hawley, president, Seniors Coalition Against the Catastrophic Act; and Roy Fehler, columnist, Las Vegas Review Journal newspaper.

Would Mr. Fehler and Mr. Hawley come forward, please?

Mr. HAWLEY. With your indulgence, Senator, I'm bringing my better half with me. I know you love her as much as I do.

Senator REID. I didn't expect anything different.

Mr. HAWLEY. You bet, and that's the way the team runs.

STATEMENT OF MR. ROY FEHLER, COLUMNIST, LAS VEGAS REVIEW JOURNAL

Mr. FEHLER. My name is Roy Fehler. I speak to you as a concerned senior. My heart was touched—I am fairly traumatic at this point—seeing the film. I am in the same situation, sir. I have a 95-

year-old mother who has Alzheimer's—a severe case. I am an only child. Guess the rest. Thank goodness for my wonderful wife who helps care for her, too.

At this point I don't care to dwell on my personal situation. I speak more to you as that concerned senior more than I do as a columnist for the Review Journal. As you know, the revolt was born and bred in Las Vegas, and I have written many columns on the subject, and I think I was one of the first few senior American columnists in the United States of America to sound the alarm.

I will say this: Dan and I and Marcia were in San Diego last week at a Mature Market Seminar when over 300 people met on the issues facing senior Americans for 1990. We were absolutely delighted on Wednesday afternoon—we were there for 4 or 5 days—when we saw the House on C-Span vote 360 to 66 in favor of repeal. You might say we danced a jig because the grass roots of America had spoken and all of the statements emanating out of the House, sir, stated that the seniors of America had spoken and were heard and they had acted. This they had accomplished.

I got back to Las Vegas, where we no longer have—or do not have—the availability of C-Span for the Senate. I was taken aback. I had no knowledge of several of the amendments that were put forth on the floor of the Senate that day—not that it was necessary that I do have preknowledge of this action. But I was aware of the Kennedy amendment and of the Durenberger. I was aware of the Roth-Danforth and, of course, I got the word just before I was on KLVX that the McCain amendment had passed.

Did I miss something, Senator? Where was the Senator Reid-Senator Bryan amendment?

The vote being 99 to nothing was significantly impressive in my mind. Why was it not, sir, 97 to 2?

So I have danced no jigs in Las Vegas.

Senator Bryan, thank you for arriving, sir.

Let me digress for just a moment and get back to the basic Medicare, because that is the foundation of where we are at today.

America's health care system, gentlemen, is on the critical list and it definitely needs intensive care—not just for seniors, but all over America. Despite public and private expenditures of an estimated $541 billion in 1988, or more than 11 percent of gross national product, the system does not deliver the services that Americans expect.

A recent poll shows that 89 percent of all Americans polled believe that the U.S. system needs fundamental changes. Many Americans, including seniors, are playing Russian roulette with their health. And, as I tell the baby boomers often in my column, if you get lucky you will live to be a senior—if you get lucky—because my percentage of young readers is increasing constantly. Why? They hope to get lucky. But I'm not so sure any more.

As many as 37 million Americans lack health care insurance entirely. And, again, they're playing that game of Russian roulette.

I just wanted to digress for a moment on those important points.

Let's just talk about basic Medicare for a moment before we get into the Catastrophic Act and the way that I feel.

Based on the Federal Government's most recent projections, Medicare part A will run short. And those of you in the audience

that will be paying attention to this in the year 2000 and 2005 pay notice to this: Part A Medicare will run short of funds to pay promised benefits between the years 2000 and 2005. It will be bankrupt.

Under the Government's most widely cited intermediate projections, paying all the program's promised benefits by the time today's young workers retire will require the total Medicare payroll tax to more than double from today's 2.9 percent to 6.5 percent. Even under pessimistic projections, sir, paying all the benefits promised these workers would require Medicare payroll tax to increase to 13.1 percent—more than the current payroll tax for the Social Security retirement, survivors, and disability program. That's just part A.

Part B is in an even worse situation, as we know. I will say that the way it is projected by the Government, in the year 2010 an elderly couple would have to pay monthly premiums equivalent to between $125 and $250 in today's dollars—today's 1989 dollars—or, at that time, $1,500 to $3,000 per year. These are figures that scare me, sir.

While cost to the elderly and the old people—as I am concerned now in my senior years—of Medicare coverage is going up, the quality of care that we receive in certain respects is going down.

The McCain amendment, to my knowledge—which I have not read thoroughly—leaves in place the extended year-long hospitalization. Fine. But the PPS, or the prospective payment system, better known as the diagnostic-related group area—DRG—will remain in place. If you have a double or a triple or a quadruple bypass, or whatever, you are liable to be out in 3 weeks by a mandated directive of HCFA—Health Care Financing Administration.

So, Senator, I commit to you that the year's hospitalization is a myth. It will not happen because the DRG's prevail and sick people will be "dumped" on the doorstep unless they die. It is a statistical fact that most seniors who are in real serious condition do not even live past the 60-day Medicare current mandated provision. So a year will help veritably few of the seniors out there under the McCain act.

It is sad to say that the McCain amendment retains a lot of the repugnant and obscene and ludicrous positioning that the coalition definitely did not like. We evidence that interest. We have told both of you gentlemen that many times. You responded. I have made my statement on that subject already.

What I found in working in this in the last 15 or 18 months has been that Government has tremendous inability to project accurately the cost of any kind of health care legislation—a complete inability. The Catastrophic Act was projected originally at $30 billion by 1993. Subsequently—these are figures from the Office of Management and Budget—those numbers rose astronomically high. The last that I heard in San Diego was $48 billion, but I heard, prior to that time, $55 billion. And that is $30 to $40 billion more than projected.

Even when original Medicare was projected back in 1965, the Government grossly underestimated. Everybody had an overly optimistic viewpoint.

Sir, seniors are not allergic to paying their own way. We are doing it now. We just don't want to be screwed.

You are certainly aware of the Screw Nevada bill, so that's a word that we can use here this morning, and I'm taking liberties. This is the Screw Seniors.

I'm saying that, to a degree, with tongue in cheek because I don't wish to be disrespectful, but I feel that it is time for our legislators—and I hope that you two gentlemen take this back to Congress—the input should come from the people affected. These people in Congress who are divinely righted by God really are not that way underneath. We are not immortal. They should have the input of seniors, which you have had from the State of Nevada. We are a small State, and we wanted leadership. We go it, to a point, for which both of you cooperated wholeheartedly and genuinely. I sincerely believe that. We want you to continue the fight, as I will in disseminating information out to the people that read my mundane writings.

I only hope that you realize the Government of the United States of America could be a problem, not the solution.

Thank you.

Senator REID. I have just one comment before we get to you, Dan, and then Senator Bryan will make a statement or ask questions.

First of all, so everyone understands—and I haven't had the opportunity to speak to either of you gentlemen because we just got here late Sunday. We were in session until Saturday night. What went on with catastrophic health: there were only eight amendments in order. As you know, you mentioned some of them. We voted on them one at a time.

The next to the last amendment was the Roth amendment for repeal which Senator Bryan and I cosponsored.

It was a difficult decision that we had to make after the repeal amendment did not pass. And it was a surprise, I think, to both of us that it didn't pass, although I was beginning to get feelings that it might not when Dole and Mitchell both led the charge against repeal.

I felt voting for the Roth amendment was the best thing to do, because it was the closest thing to the House legislation that we had—that is, the outright repeal. The McCain amendment was all that was left after total repeal failed.

Now, you indicated that you felt that there should have been a vote against McCain; however, understand that our choice was either keeping the Catastrophic Act as it is with a no vote on the McCain amendment, or voting for the McCain amendment and its elimination of the surtax. I would vote again for McCain compared to nothing—compared to keeping the odious surtax. I also think that the McCain amendment puts us in a better position when we go into conference with the House, because if we didn't have the McCain amendment, remember, we would have the law as it now exists, and that gives us no bargaining position whatsoever. So that's why Senator Bryan and I—at least those are my reasons, and I spoke to Senator Bryan before the vote—why we felt it was appropriate to vote for McCain as compared to leaving the law as it is.

I have some questions for you, Roy, and perhaps for you, Dan, after you make your statement, so would you please go ahead—you and/or Marcia.

STATEMENT OF MR. DANIEL HAWLEY, PRESIDENT, SENIORS COALITION AGAINST THE CATASTROPHIC ACT; ACCOMPANIED BY MRS. DANIEL HAWLEY

Mr. HAWLEY. Can you hear me all right?

Senator REID. Yes, sir.

Mr. HAWLEY. I would have hoped that the rest of Congress hear me real well, also. Unfortunately, they did not.

Senator Reid, I thank you for the opportunity of testifying before this committee on behalf of more than 500,000 signers and registered voters of SCACA's National Petition to Demand Repeal of the Catastrophic Coverage Act of 1988.

We have received over 150 angry telephone calls from across the United States since the Senate took its action on Friday, October 6, 1989, denying repeal of the Catastrophic Act. SCACA is surprised, very angry, and deeply disappointed with the Senate's action.

While we had received some advance information as to the proposed contents of the McCain proposal, we do not know the exact wording of the McCain amendment as passed by the Senate.

I will state emphatically that SCACA did not approve of the proposed McCain amendment as we understood it, and we had strongly voiced our opposition to it.

Senator Reid, the seniors of America has spoken out vehemently for 16 months against the entire Catastrophic Act—not the rich seniors, not the organized seniors, not the self-vested senior, just plain seniors united against an act that hurts the people it was intended to help.

The seniors across America worked very hard to gather 500,000 signatures for repeal of the entire act. The seniors in every State spoke clearly for repeal, and now they have the same circumstances which originally created this act, a conference committee.

In addition—and I want you to listen to this and carry the message back—the seniors now have openly hostile Members of Congress who have expressed their vehemence against them for questioning the use of a health care issue to balance the budget.

While this hearing is called for the purpose of determining what seniors want and need in health care, the Medicare Catastrophic Coverage Act must be repealed before any health care issue can be addressed.

I reaffirm our original statement.

For that reason, I am here today to ask you to answer specific questions regarding the present status of the act, the proposed congressional revisions and, most importantly, the makeup, authority, and boundaries of the conference committee.

I know that you are acutely aware that this matter must be resolved by Sunday, October 15, 1989, as part of the Budget Reconciliation Act; hence, our imperative need for immediate answers to these questions.

I would like to add one thing that was not in my prepared text. On June 1, through your efforts—and I thank you very much--I

was able to testify before the Senate Finance Committee, and at least all of the people in this room know the reception that I received from Mr. Bentsen and Mr. Durenberger—and I use the term "mister" very lightly.

As part of my testimony, I offered to the Senate an American health care plan. Yes, it is not in finite detail at the present time, it is in a broad-brush interpretation of what must be done in our United States to handle the health care issues of our country. I was ridiculed and laughed off the microphone by Mr. Bentsen and dismissed immediately. That type of attitude shows the thinking that pervades with the men "in power" as to any input from the grass roots of America, and I am deeply disappointed.

[The prepared statement of Mr. Hawley follows:]

SENIORS COALITION AGAINST THE MEDICARE CATASTROPHIC ACT
TESTIMONY

SENATE SELECT COMMITTEE ON AGING
OCTOBER 10, 1989
LAS VEGAS, NEVADA

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Senator Reid, the Seniors of America have spoken out vehemently for 16 months against the entire Catastrophic Act--not the rich Seniors--not the organized Seniors--not the self-vested Seniors--just plain Seniors united against an Act which hurts the people it was intended to help. The Seniors across America worked hard to gather 500,000 signatures for Repeal of the entire Act. The Seniors in every State spoke clearly for Repeal, and now they have the same circumstances which originally created this Act, a Conference Committee. In addition, the Seniors now have openly hostile members of Congress who have expressed their vehemence against them for questioning the use of a health care issue to balance the budget.

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1. What is the exact wording of the McCain amendment which was passed by the Senate?

2. What is the present status of the Catastrophic Act resulting from Repeal passed by the House of Representatives and the denial of Repeal and passage of the McCain amendment by the Senate?

3. Who will be the members of the Conference Committee of the House and the Senate entrusted to resolve the differences between Repeal and the McCain Amendment?

4. What are the ground rules governing the boundaries of the changes that can be made by the Conference Committee? Must they confine their changes to the provisions of House Repeal and the McCain amendment passed by the Senate?

5. What is the time limit for the Conference Committee to submit its resolution and the House and Senate to vote on it?

6. What will be the status of the Catastrophic Act if the House and Senate cannot both agree to support the Conference Committee recommendation?

7. If the House and the Senate support and pass a resolution, will it be necessary for the President to sign the changes into law?

8. What will the status of the Act be if the President vetoes the resolution approved by the Conference Committee?

9. If the Surtax is Repealed by Congress and signed by the President, what happens to the Surtax money already paid by individuals with their quarterly estimated taxes?

Mr. HAWLEY. If I may, and if it is appropriate at the present time, I'd like to ask you a couple of these questions, if it is amenable to yourself in conducting the meeting, sir.

Senator REID. I was hoping I was going to be able to ask you a couple of questions.

Mr. HAWLEY. You may. I'm more than happy to answer them, sir, at any time.

Senator REID. Please go ahead.

Mr. HAWLEY. I received a draft of the McCain proposal which is different from what I received yesterday. Unfortunately, in trying to get the materials together to come this morning, I left the actual summary of the McCain proposal at home. But this proposal that was made by the McCain office leaves a lot to be desired, and there were a couple of things in the summary that came up.

I might ask first: Did you people, when you voted on the McCain bill, have the writing of the McCain bill in front of you?

Senator REID. The answer is no. In fact, there was a discussion on the Senate floor that day between Senators Bentsen and McCain.

Mr. HAWLEY. Correct.

Senator REID. The law really doesn't address catastrophic care, yet we call it catastrophic. The McCain amendment kept changing.

Mr. HAWLEY. That I know.

Senator REID. I know what is in the McCain amendment. But if you ask me each line and verse, of course I couldn't recite it for you.

Mr. HAWLEY. I'm not asking line and verse, but there was something——

Senator REID. Let me give you what is in McCain, as I understand it, Dan.

Mr. HAWLEY. Yes, sir.

Senator REID. It revokes the surtax, part B coverage, changes the nursing home coverage, and eliminates prescription drug coverage. It keeps the hospital coverage, the Medicaid provisions, respite care, hospice care, spousal impoverishment, protections and the monthly premium. That's my understanding.

Mr. HAWLEY. You eliminated one thing that was on the proposal summary, and that's something called the—what are those drugs? Mitchell drugs? What are Mitchell drugs?

Senator REID. They are immunosuppressive drugs and IV drugs.

Mr. HAWLEY. In other words, the prescription drug—bear with me, please, young lady. Allow me to say that in a form the prescription drug benefit is still an open door. There is a crack in the door in prescription drugs; is that correct?

Senator REID. There is for these two types of drugs unless it is changed in the conference—which I, of course, think it will be.

[Yells of "kill it."]

Senator REID. We're trying.

Mr. HAWLEY. So is AARP, sir. What is the present status of the Catastrophic Act resulting from the repeal passed by the House and the denial of the repeal and passage of the McCain amendment by the Senate?

Senator REID. Dan, I think you pretty well summed it up in your statement. We have a significant amount of work still to do, and as

I have said, we have been called back to work on this issue and others.

Mr. HAWLEY. Yes.

Senator REID. We're going back early. The situation is basically that the income and the outgo of this Government isn't matching. One of the real sad things about the Catastrophic Health Care Act is that many people wanted to keep it as it is because on a short term it created more income than outgo—it would help balance the budget. In the conference, which is going to take place this week we will see which position we can get the closest to—the House or the Senate.

As you know, Senator Bryan and I were the first Senators to sponsor a bill for total repeal. We did that in January, and at that time people laughed at us. Since then, of course, the movement for repeal has gained significant support.

My biggest concern—and I stated so on a TV station here in Las Vegas a few days ago—is that I don't feel that the leadership in the House is strongly committed to repeal.

There are a couple of other comments I wanted to make here.

One of the arguments that was made and has been made on behalf of the Catastrophic Act—and it was made most vociferously by Senator Dole, who is also minority leader and member of the Finance Committee—is that seniors didn't understand the benefits in the Act, therefore Senators should vote against repeal so that we, in effect, would do senior citizens a favor. I have said if there was ever a group of people in our country who have the wisdom of experience, read the newspapers, watch the news, understand what their own personal budget is, it is the seniors. So I think that argument is very short-sighted. I think they clearly do understand.

I would also answer you, Roy, directly that Senator Bryan and I both spoke on the Senate floor on the day of the vote for repeal. We, under the time constraints, weren't given a lot of time. In fact, we had to fight for the 4 minutes we got, but we did take every minute we could——

Mr. HAWLEY. I heard about Senator Bryan. I did not hear that you were there, sir.

Senator REID [continuing]. To speak against the act. So we were given 4 minutes. We wish we had had more.

What I wish is that we had had a few more Senator Bryans back there. He and I kind of got lost in the battle between the leadership—that is, Mitchell and Dole called in a few favors and, quite surprisingly, we lost the vote that morning.

Mr. FEHLER. Senator, I have just one statement to make, and that is: On Senator Dole's statement about lack of seniors' knowledge of what this bill really contained, once they were educated—and I'd like to put it in the same perspective as when Dan Hawley and I showed up in your office, and when Dan Hawley and I showed up in Governor Bryan's office—at that time—and subsequently, when he became Senator, that we educated you gentlemen. So——

Senator REID. I agree.

Mr. FEHLER. And we thank you. As they say in the Bartles and James commercial, we thank you for your support.

Senator REID. I wish it weren't so, but it is true. You did have to educate us. The problem is—and we're not going to go back through that—it should never have come to be. We know that there was a large organization that did significant lobbying in the last few hours of the legislative session. That's the reason it passed. We all know that. And we certainly thought that repeal would take place. I went around telling that to people that day.

Mr. HAWLEY. Would you quickly tell us what the consistency of the conference committee will be? How many House Members? How many Senate? Who will appoint them? How are they arrived at?

The problem that I see in my mind: Is there a possibility, if we have a stalemate there, that we could really revert back to the original Catastrophic Act?

Senator REID. I'm sure you won't feel good when I tell you the two chairman: Rostenkowski and Bentsen.

Mr. FEHLER. We're dead in the water.

Senator BRYAN. Senator Reid, can I—let me say a few words, if I may.

First, I would acknowledge publicly, as Senator Reid just has, that you all educated me as a candidate for the U.S. Senate a year ago on catastrophic care. You persuaded me, as you did Senator Reid, that your position was correct. And let me tell you why I think it was correct, just very briefly, and then I will be happy to respond to any questions. Senator Reid has other members scheduled to testify here today.

The legislation was philosophically flawed because, for the first time in the history of providing a benefit program, we said that one group of people—namely, senior citizens—would be taxed exclusively to provide a benefit to another group of citizens. That is morally wrong.

So philosophically it was wrong.

Second, the benefit package, as designed—as so many of you in this room have educated me personally—was poorly considered, does not provide a new benefit for many of you, there is a redundancy, it fails to provide the long-term care which is the most significant omission of the legislation.

Third—and I do not know and I apologize to my longtime friend and senior colleague and a strong supporter of Nevada seniors, Senator Harry Reid. The administration, President Bush—many of you were there at the meeting that I spoke to a couple of months ago—resisted repeal on the basis that I think is the least defensible and the most offensive and objectionable in that the administration wanted the $4 billion of additional money collected from you in the first year to be used as a budget deficit reduction measure, and that can't be justified by any line of reasoning.

I appreciate your anger and your sense of frustration. Let me suggest to you, if I might, that Senator Reid and I tried to be a part of the solution. As he has indicated to you, ours was the first piece of legislation introduced in the U.S. Senate to call for total repeal. I came back as a new Member. People thought we were crazy. "What do you mean repeal?"

Largely through the efforts of this group here, this movement for repeal became a national grass roots movement, and you can be

proud of what you accomplished in terms of getting the momentum for repeal and getting it through the House.

Now, I will tell you that I was surprised. In fact, Senator Reid and I both—the night of the roll call vote, before it was concluded, both of us had talked and both of us had responded to various media outlets in Nevada—and Harry, if my memory serves me correctly, you had made a comment to the newspaper and I was on television saying I believe that repeal is imminent. I think it is going to happen. That was my belief.

I was shocked and surprised. In my view, there was a deal made somewhere, somehow, by someone or repeal would have occurred. I don't know what happened, but something was done that was behind closed doors that I was not privy to and I do not know what happened.

Now, where are we, and what decision do the Senator and I have to make?

Danforth, Roth, Bryan, and Reid—we were all on the repeal provision. I think you know that. That was a position consistent with the position that we have taken for the last year. But in the final analysis, when Senator Reid and I were left with the decision after the repeal failed to occur, a vote not to support the McCain bill, dislike it as we did, would have left the surtax in effect. If we had come back to you and said, "Look, did you vote against the surtax when you had an opportunity to do so, and the only real opportunity to do so, in the final analysis?" if we would have said, "No, we did not vote against that" I think a lot of you would say we broke faith with the commitment that we made to you on so many occasions during the past year.

The conference report is going to be critical. I, like Senator Reid, have some serious reservations as to what the outcome is going to be. I believe, Harry, that the surtax provision is dead. I cannot believe that that will survive in a conference. But I also believe that it is going to be extremely difficult because of the notable lack of enthusiasm by certain Members in the House and by the leadership—both sides of the political aisle—and the President. Remember, it was the Deputy Director of the Office of Management and Budget, a man by the name of Mr. Diefenderfer, who testified before the Congress, "Do not repeal it because we want the $4 billion collected from America's seniors to reduce the deficit." That was his testimony. That was his testimony, ladies and gentlemen.

So I think it is going to be very difficult for us to prevail with ultimate repeal, but that remains our provision, and I, like Senator Reid, am happy to respond to any questions.

Mr. HAWLEY. May I make two closing remarks?

Senator REID. Sure.

Mr. HAWLEY. There are quite a number of people back there that want to let you know how they personally feel.

There are——

Senator REID. That's what we're afraid of. [Laughter.]

Mr. HAWLEY. You're not afraid, and that's what we like about you, sir.

The thing that must be stopped in Congress is, with exception for national security we must stop these closed door committee hearings.

If Mr. Rostenkowski and his henchmen Waxman and Stark—yes, they are henchmen. They are criminals—and Mr. Bentsen and his favored son, Durenberger, want to hide behind closed doors and not face the voters of this United States, it must be stopped by action both in the Senate and in the House that brings these people out in public and put them on C-SPAN.

One of the last closing remarks that I have to you is that I have received information—and you were talking about repealing of the surtax. Yes, I hope to God it is that one ounce of brains is left in that committee. But the information I have received is that the payments of the part B and the catastrophic and the surtax to this date will be retained by the Government for the cost, supposedly, of the catastrophic up to this point. Some very good citizens paid quarterly estimates of their tax that are not due until April 16, 1990, and the mere thought is totally reprehensive to me that our Government would keep those taxes from those people to pay for something that has been repealed. It must be stopped. I don't care how it is done. And notice to the people that their money will be refunded is imminent and right on the front burner.

Senator BRYAN. I would hope, Dan, you and Marcia and Roy and others who have been leaders in this movement—somehow we've got to get the word out, because Senator McCain has obviously exercised considerable influence in terms of this process. Now, there are many that are saying—not those of us in Nevada who know what the score is—that McCain has become a hero to seniors. Those reports circulate among Members of the Congress.

I would suggest to you that the same kind of effective communications that you have done during the past year needs to get out right away so that no other Members of the Congress are misguided and believe that they had done the right thing by supporting the McCain approach.

Mr. HAWLEY. As of next Tuesday at 10 in the morning SCACA will have their next meeting at the Carpenter's Hall and the next actions will be put forth to our members. It will be disseminated throughout the complete United States. We hope that by next Tuesday the full implications and actions of the Congress will come to a head as of Sunday as to what is going on.

We are running into a problem—this is only a personal opinion—we are running into a personal problem here that Senator Bentsen has said that he is going to run for President, and we now have knowledge that Mr. McCain is going to run for President, too.

[Chorus of boos.]

Mr. HAWLEY. So maybe we should run them both out of the country and send them down with Noriega. [Laughter.]

Senator REID. Dan, let me just say this before you and Roy and Marcia step down and our next panel comes forward. I'm certainly not here to carry the water of Dole and Bentsen because I can't do that. I don't want to.

I think—and I'm saying this in front of everyone here, elaborating on what Senator Bryan said about the so-called deal, I think there was one. And I think there is a player we haven't talked to in this deal, because we've already vilified the Members of the Senate who voted against repeal. Where was the administration?

Every time I walk into the Senate to vote when there is something that affects the administration, they've got people grabbing on my shirt tail until they are frayed—every time I walk in there. And they call my office. But here they were amazingly silent. There was no direction whatsoever from the administration. Nothing, other than when one of them would slip, like Diefenderfer, and then they brought Sullivan down. He didn't even show up at one hearing and they had to postpone it until the next day so he could come back and waffle some more.

So I think my personal feeling is after the overwhelming vote that took place in the House, I think that stunned everybody. I think there was a lot of work done in the back halls of that Congress with people from the White House twisting arms and saying how big our deficit is and that repeal will only make it worse. These people can afford it, and besides, they don't even know what they're doing—talking about you the seniors.

The House position of total repeal must be sustained. I certainly think that with the strength that came out of the House vote that we can't underestimate what could take place in the House, if, in fact, those people who are strong supporters of repeal would hang in there.

Thank you very much for——

Mr. FEHLER. Senator, one comment?

Senator REID. Yes.

Mr. FEHLER. Sea Wind and the New Mirage has a beautiful sequence of signs, "In December, we will watch Sigford and Roy reappear." I think that you'll see a series of signs throughout America that will say, "In November of 1990, you will magically see 33 Senators possibly disappear."

Or a portion thereof.

Senator REID. Don't forget a President is up in 1992.

Mr. FEHLER. A one-term President is a very distinct possibility.

Senator REID. Thank you very much for everything.

Mr. FEHLER. Thank you.

Mr. HAWLEY. Thank you.

Senator REID. The next panel of witnesses will be: Carla Sloan, Director of the Cannon Senior Citizens Center and President of the Aging Services Directors Organization; Jack Fields, who is an attorney with the City of Las Vegas Senior Citizens Law Project; Anne Koepsell, Administrator, Kimberly Quality Care, Las Vegas; Mary Jo Greenlee, Administrator, Hollyhock Adult Day Care Center; and Bertha Warwick, Social Service Officer for Clark County.

By the way, the woman on my right is Mary Booth, who is a member of my Washington staff. I was going to give her the proper credit later, but she has gone to the trouble and spent time setting up this hearing, which is easier said than done. And she has also helped me prepare questions and things of that nature.

Carla.

Ms. SLOAN. Thank you.

Senator REID. This is Carla Sloan, who is the director of the Cannon Senior Citizens Center and also the President of the Aging Services Directors Organization.

Carla.

STATEMENT OF MS. CARLA SLOAN, DIRECTOR, CANNON SENIOR CITIZENS CENTER, PRESIDENT, AGING SERVICES DIRECTORS ORGANIZATION

Ms. SLOAN. Thank you.

I am representing both organizations today—kind of wearing two hats. But I want to tell you a little bit about the seniors that we see at the Cannon Center and the folks that I think need a voice in today's program.

The majority of the seniors that we see—54 percent—are living at or below the Federal poverty level. Sixty percent of our clients are living alone. Most of them are female.

As an advocate for these clients, I urge you to consider the impact of the loss of the Medicaid provisions of the legislation. As an advocate for all income level seniors, I urge you to consider the impact of the loss of the spousal impoverishment provisions of the act. I ask you to consider the impact of the health status of all Medicare beneficiaries if home health care benefits are curtailed, if preventative mammography is not affordable, if adult day care services are not made available, if respite care is not provided for, and the loss of compassionate care for terminally ill Medicare beneficiaries if hospice care is curtailed.

These are only some of the benefits that will be lost if the Medicare Catastrophic Coverage Act of 1988 is repealed in total. Hospital spell of illness deductibles will be reinstated, and costly co-payments for skilled nursing home stays will be reinstated. These very positive enhancements to the Medicare insurance program have been overshadowed by objections to the supplemental premium financing.

I don't want to take time in today's forum to detail the importance to older Americans of these benefits. I do ask you to carefully consider what will be lost in terms of direct benefits should the act be repealed in total.

I wish to use the time to expand on the critical need to preserve the spousal impoverishment and Medicaid provisions of the Catastrophic Act.

The Catastrophic Act provides both an income and asset protection for the spouse of a Medicaid nursing home resident. Without this protection, the entire life savings of a couple may be lost to provide for the care of the partner requiring long-term nursing home care. The community spouse loses a lifetime dream of financial security and is left alone with very little to live on. Couples in this circumstance suffer a loss of dignity, self-respect, hope, and security. This is not the American dream for our golden years. Do not let this happen. Do not repeal the spousal impoverishment benefit.

The Nevada laws regarding assets and income-splitting were revised to dovetail with the Federal Catastrophic Act. The repeal of this provision may force Nevada residents into impoverishment to secure long-term care for a life-long partner. The threat of spousal impoverishment hovers over all persons of all income levels.

Of Nevada's Medicare beneficiaries, 6,591 living at or below the poverty level are receiving benefits today that will be lost if the act is repealed in its entirety. These persons are able to stretch their

limited dollars further today because their Medicare premiums, deductibles, and coinsurance are paid by the Medicaid Program. This new benefit is called QMB—qualified Medicaid beneficiary.

The Medicare part B premium is deducted from the monthly Social Security check. For an individual with monthly income of $498 or less, having an additional $31.90 returned to them each month means a great deal. For these people, the assurance that the Medicare deductibles and co-payments will be paid may mean that they will seek health care, which they have not done previously because they were afraid they could not pay their share.

Seniors with neglected and deteriorating health conditions are seen every day by the Cannon Center service providers. QMB benefits are believed to be helping to improve the living conditions of these thousands of Nevadans.

I recognize you are faced with very difficult decisions regarding the Catastrophic Care Act. The current financing for this medical insurance is unacceptable to most. Part 1 benefit enhancements are in jeopardy.

How will Americans choose to pay for health care for our elders? Should Medicare be available only to those with limited resources? Should the private sector provide coverage to those who can afford to pay insurance premiums? Should the younger work force shoulder the burden for those who have made their contributions to the workplace? What will happen in the year 2010 when one in five Americans reach age 65 and become eligible for Medicare? And perhaps the most important question is: How can we contain the rapid escalation of health care costs? Will anyone, young or old, be able to afford to purchase health care services in the years to come?

I believe any discussion of the health care delivery system must begin with the issue of health care cost containment. Senator Reid has begun to explore the need for dramatic reductions in health care costs as a participant in the Senate Aging Committee hearings investigating the astronomical growth in prescription drug costs. Senator Bryan pioneered hospital cost containment legislation for the State of Nevada during his term as Governor. Health care costs will continue to rise for all Americans as long as pharmaceutical, hospital, long-term care, physician, and support service costs continue to rise at extraordinary rates.

The Catastrophic Care Act of 1988 does not address cost containment measures. The opportunity is before us now, while this legislation is under review, to incorporate such measures. I urge you, Senator Reid and Senator Bryan, to continue to ask these difficult questions of your colleagues and to provide the leadership to facilitate creative solutions to this national crisis. These questions will not go away if the Medicare Catastrophic Act is repealed.

As health care cost containment questions are debated, I recommend the legislation in place, H.R. 2470, be modified through the elimination of the costly drug benefit and reconstruction of the financing mechanism. I do not believe today's generation of seniors or future generations will be well served through total repeal of this valuable step toward fulfilling the American promise of a responsive and comprehensive health care delivery system for all.

Thank you.

Senator REID. OK. Jack Fields, would you testify now, please? I have some questions for you, Carla, if you would remain there.

STATEMENT OF MR. JACK FIELDS, ATTORNEY, CITY OF LAS VEGAS SENIOR CITIZENS LAW PROJECT

Mr. FIELDS. Thank you, Senator.

Senator Reid and Senator Bryan, my name is Jack Fields. I'm an attorney with the Senior Citizens Law Project. We are funded by the Older Americans Act and, as a consequence, we see many seniors who are of low income or low resource.

I come to you today to say that the Catastrophic Health Care bill definitely needs radical change.

The supplemental premium—and, as an aside, I'd say that's a wonderful, wonderful phrase, a tax by any other name—the supplemental premium has to be the biggest political mistake of this decade. However, I am concerned with total and absolute repeal of this bill. Congress takes much time to decide a course of action. If we totally repeal this bill, I am concerned with how much time it is going to take to have something put in place to replace it.

Clearly, we needed some law change when the bill was passed. There was a need for recognizing long-term care. The Catastrophic Health Care bill addressed some of these needs. I am concerned that total repeal will leave a black hole that some people's finances and health will fall into.

I, therefore, come to you today to urge you to not repeal the following provisions of the bill: Ms. Sloan explained to you what QMB is where Medicaid pays part of the premium for indigent people to buy them in the Medicare Program. I urge you to continue that program.

Second, as Ms. Sloan stated, Nevada law has been changed during the recent legislative session to dovetail their spousal impoverishment provisions with the Catastrophic Health Care bill's spousal impoverishment provision. I feel that a total repeal of that section, especially, will drop many seniors financially into the black hole of spousal impoverishment. I urge you not to repeal that part of the catastrophic health care bill.

Finally, I would like to address what I think has been lacking so far in the debates. What do we do when this bill is repealed? I would urge you to do the following:

Think of long-term planning as a necessary goal in this field. It seems that changes are made ad hoc without proper planning. Senator Bryan, I heard you yesterday advocate the use of the Pepper Commission as a long-term planning commission. I wholeheartedly support that.

Second, I advocate that Congress put pressure on HCFA to properly carry out the intent of Congress. Among attorneys, HCFA—Health Care Financing Administration—is known as Hardly Cares For Anyone. [Laughter.]

It seems that they do hardly care for anyone, given the lengthy time it takes to get a hearing out of them for an improper decision, their skewed way of looking at the medical needs of people, and other problems that are just too numerous to detail here.

Again, I urge you to put pressure on HCFA to start caring for this country's senior citizens rather than fighting them.

Third—again addressing Senator Bryan—this summer when I attended a meeting of SCACA, the most touching thing that you said to me was "Stop using trust funds—Social Security and Medicare—to finance the deficit." I speak now not only as an advocate for senior citizens, but also as someone who is 32 years old who is going to be facing this in 30 years if the system is not changed. I want myself, my wife, and my children to have a good Medicare system and a good Social Security system in place that is not used to finance the deficit of the Federal Government.

Thank you.

Senator REID. Anne Koepsell.

STATEMENT OF MS. ANNE KOEPSELL, ADMINISTRATOR, KIMBERLY QUALITY CARE, LAS VEGAS

Ms. KOEPSELL. Thank you, Senator Reid and Senator Bryan.

I am Anne Koepsell. I'm an administrator with a home health care company here in Las Vegas called Kimberly Quality Care. We are the largest provider of home health care in the Nation, with over 350 offices nationwide, of which over 150 are Medicare providers, of which we are in Las Vegas. But I am here today representing the home health care industry, in general. I appreciate this opportunity to testify regarding what the needs are of those served by Medicare from the viewpoint of a provider.

Home care is the most cost effective and humane setting for providing health care. Advances in technology have allowed many treatments and procedures to be done in the home which previously were only given in acute care settings such as hospitals or skilled nursing facilities.

In the past decade or so we have seen a shift in reimbursement patterns which will not allow many of these procedures to be done in the home for acute or sudden intense illnesses. Home care promotes more rapid healing due to the psychosocial impact of being in one's own home environment. It also allows the individual to be more intimately involved in their own care and their own decisions concerning that care.

The current Medicare home health benefit has three admission criteria that must be met before a beneficiary can receive home health service. These are: They must be home bound. In other words, they can only leave their home for medical appointments, and it must be a severe and taxing effort for them to do so. Second, the services must be medically necessary or under the orders of a physician. Third, their medical position must be unstable, such as a diabetic who has blood sugars out of control or an individual with congestive heart failure whose lungs are filling up with fluid. The fact that they have a diagnosis of diabetes or congestive heart failure, alone, does not qualify them for the benefit. The condition must be in an unstable form.

This current Medicare benefit does not meet the health needs of many citizens, and its restrictiveness ends up costing the health care system many more dollars than are necessary.

The direction in which the catastrophic coverage needs to go is to cover the health needs of those individuals with ongoing prevailing illnesses which are stable but which do require skilled medical attention and unskilled support services. The label we have applied to these individuals is chronically ill.

There are three reasons we need to develop coverage for these people. First, it would promote independent living with a focus on retaining wellness instead of our current focus of waiting until they are ill and the restoring wellness.

Second, it will maintain family integrity. More than 80 percent of aged individuals are cared for by family members or loved ones. And, as we saw in this clip from the show last week, these caregivers would rather sacrifice their own needs to meet the needs of a loved one instead of placing them in an institution. They provide compassionate, cost-free care to the health care delivery system, and we need to support their endeavors. Currently, if there is an able caregiver we, as a Medicare provider, cannot send in a home health aide to assist with a bath even once a week.

Third, it is an efficient way to utilize our limited health care dollars to support home care. One example that is an example of a situation we see frequently in home care would be as follows: Say we have an 83-year-old female who is admitted into home care services with a diagnosis of diabetes. The registered nurse goes in on a daily basis for the first few days to teach her about her insulin, how to give her injections, how to take care of her feet to prevent sores, the diet she will need to follow, and other particulars relating to this disease. A home health aide may go in three or four times a week to help her with her bathing until her strength is improved.

This woman is a widow who lives alone, and her remaining family members live in another State. Under the current Medicare home health benefit, when the registered nurse was finished with his or her teaching and felt confident that the woman understood how to manage her diabetes, she would have to be discharged from home health services. The home health aide could no longer assist the woman, either.

This client may do very well by herself for 6 or 7 months, or even longer. But as the aging process occurs, her eyesight is poor, she gets too weak or disinterested to prepare her diet, or she stubs her toe and cuts it and soon an infection begins.

The next time we have contact with this woman is when she is being discharged from the hospital with her foot amputated because of gangrene, the incorrect diet, and poor eyesight due to improper dosage of insulin. Cost involved has been an extensive hospitalization with major surgery, rehabilitation costs, and a major loss of independence on the part of the client.

Home health visits will be intensive at this time to prevent infection in the leg stump, to get the diabetes back under control, and to teach her how to walk with an artificial leg or foot.

How different this scenario would have been had the nurse been able to keep this case "open" and check on the woman once a month or so. What if a home health aide had been coming two or three times a week to assist with her bath and had noticed the cut on the foot and notified the R.N. the day after it occurred until

waiting for an infection to set in? What if they had been able to recognize that her eyesight was failing and she needed assistance filling the insulin syringes? What if the home health aide had been able to assist her with food preparation and shopping?

The annual cost of 12 to 15 R.N. visits and 100 or 150 home health aide visits is far below the cost of hospitalization, surgery, and rehabilitation.

Allowing the elderly to maintain their independence as long as possible, supporting the family members who are providing care for their loved ones who are no longer independent, and efficiently utilizing our scarce health care dollars needs to be the focus of any long-term catastrophic health care benefits.

Thank you.

Senator REID. The next panelist is Mary Jo Greenlee, who is the administrator of the Hollyhock Adult Day Center, Adult Day Care Division, Clark County Economic Opportunity Board.

STATEMENT OF MS. MARY JO GREENLEE, ADMINISTRATOR, HOLLYHOCK ADULT DAY CARE CENTER, ADULT DAY CARE DIVISION, CLARK COUNTY ECONOMIC OPPORTUNITY BOARD

Ms. GREENLEE. Good morning.

When I knew that I was going to come and testify this morning I spoke to many of the family members who bring participants to adult care, and I asked them to tell me what they would like to see Medicare cover if they had a voice in this issue.

Like the film clip portrayed, all of the family members that come to the day care are caring for someone who is impaired. Eighty percent of our clientele have Alzheimer's disease or a related disorder. The other 20 percent are stroke victims and other illnesses that affect the elderly.

There is very little help for family members who care for loved ones in the home. Most of these family members have both husband and wife working; consequently, they do need help.

The adult day care center presently serves 100 families. Our average daily attendance is 60. Of those, at least 30 families are paying the full cost of adult day care, and they must make sacrifices to be able to do that.

They asked me to ask you to support H.R. 550, which is the bill that will provide for Medicare coverage for adult day health care. That bill, as introduced, covered 180 days of adult day care, with a co-payment of $5. That would help families tremendously.

The other thing that is covered in the catastrophic health bill that family members felt very good about was the coverage for respite care. I have family members that have cared for their mothers or their spouses in excess of 5 years and have not left their side—have not had a vacation, have not had any time alone except for the time that person spends in adult day care. They need a vacation, and they asked me to have you keep the respite care clause of the catastrophic health bill.

Thank you.

Senator REID. The last panelist in this group is Bertha Warrick, social service officer, Clark County.

STATEMENT OF MS. BERTHA WARRICK, SOCIAL SERVICE OFFICER, CLARK COUNTY

Ms. WARRICK. Good morning. My name is Bertha Warrick. I am a social service officer representing Clark County Social Service, and have had 12 years of experience with seniors in Nevada as the project director of the Senior Citizens Protective Services Program and the Homemaker Home Health Aide programs.

Clark County Social Services wishes to thank Senator Reid, Senator Bryan, and this committee for their responsible leadership in behalf of the elderly and disabled.

County Social Service in Nevada provides welfare services to individuals not eligible to receive them through the State Medicaid or ADC programs. We provide financial and medical assistance, as well as a variety of social welfare services.

You have heard many arguments for the repeal of the Catastrophic Act, most of them centering on the inequities of the funding formula. However, I would like to stress the benefits we have found in the program for seniors and the disabled who are ill and who have limited income, as well as for Clark County in terms of expenditure for medical care.

Under the expanded skilled nursing coverage—up to 150 days—31 patients placed in long-term care facilities by Clark County received skilled nursing care from January through August 1989, at a cost savings to the county of $75,320.70.

These patients and others also benefited from the provision which allowed them to be admitted to a nursing home from their own home, not requiring hospitalization at least 72 hours prior to admittance as in the past. For those hospitalized, the one hospital deductible payment per year greatly reduced expenditures for those chronically ill, while expanding hospice care relieved some of the financial worries of the certified terminally ill.

If the act is repealed, Clark County Social Service is concerned about the loss of these financial savings provisions, but we are also concerned about the loss of other benefits not so widely discussed. What becomes of the protection against spousal impoverishment? Do we go back to where we inform the spouse of a long-term care patient we are applying all of the patient's income and resources to the medical bill leaving the spouse—especially if it is a wife—to live at a standard far below that they maintained jointly? Do we go back to where divorce decrees or legal separations afforded the only financial protection the remaining spouse could seek? Advocates for repeal instead of reform must answer these questions.

The Catastrophic Act also pays the Medicare premiums, deductibles, and coinsurance for the poor, elderly, and disabled through the State Medicaid program. These individuals have incomes under the official poverty level. The addition of $31.90 per month—or almost $400 per year—is a large benefit if your income is only $5,980 a year.

Mammograms for the elderly and disabled would be repealed along with the act. At a cost of $60 to $120, how many on limited incomes will choose to have this valuable screening procedure done? How many women will die because it was not done based upon economic consideration, alone?

Mammogram coverage, as well as 38 consecutive days for home health service and respite care for up to 80 hours for chronically dependent individuals, is due to become effective January 1, 1990. Locally, home health care at a nonskilled nursing level can cost anywhere from $7 to $20 per hour. Usually companies want a commitment of at least a 4-hour block of time.

For respite care, the cost equivalent to catastrophic coverage would be from $560 to $1,600. For home health care, the cost could exceed $3,000 to 38 days. Where do the poor or near poor go to receive these services?

Current locally subsidized programs for home health services are overburdened and usually have waiting lists. Respite care services are even more limited. Medicare coverage would expand the number of potential service providers while providing the service to those who could not afford it. This is especially important considering the large geographical areas to be covered here in Nevada and the lower income levels of seniors and disabled in the nonurban counties.

I wanted to stress some of the benefits of the Catastrophic Medicare Act to encourage their inclusion into any reform legislation. I did not touch upon prescriptions in detail, but they are an important benefit, too.

Clark County spends approximately $1.5 million on prescription medicines a year. Approximately 20 percent would be covered under the act as it is now written. However, other important services such as dental, eye wear, and hearing aids were not approached. Of course, if the local welfare programs and other funding programs similar to Clark County Social Services can realize enough cost savings with Medicare reforms, it may be possible for those programs to pick up these costs.

Some provisions included in the bill, although needed, seem inappropriately placed. These include expansion of the CHAPS—child health assurance program—benefits and coverage of pregnant women and children. If Congress intended the funding to reflect a "user fee" philosophy, these two provisions appear to be misplaced.

The poor or near poor beneficiaries have been the least heard from group in this controversy; yet, the benefit to cost ratio of the act's provisions is far greater to them than to those who can afford to have other supplemental coverage and who have subsequently actively campaigned for repeal. Consideration should be given to a funding formula that will not exclude those most in need from these services.

Whether Congress considers placing limiting eligibility requirements on persons who receive catastrophic care services, removes the cap on income that can be taxed by Social Security, removes the earnings cap on seniors so that their excess income can be taxed, makes coverage an optional item, makes coverage available on a pay-for-what-options-you-select basis, or limits the available provisions, Clark County Social Service feels there is merit in their attempt to meet the growing need for medical insurance among the elderly and disabled in America.

Thank you.

Senator REID. I have just a couple of questions, and then I'm sure Senator Bryan will have a couple.

Carla, do you feel that the spousal impoverishment protections offered in Catastrophic are adequate? The reason I mention that is that one of the first things I did while a Member of the Senate was introduce a spousal impoverishment amendment, which did pass the Senate and, as a result of that, of course, Nevada changed their law and regulations. But do you feel the spousal impoverishment protections afforded offered in Catastrophic are adequate?

Ms. SLOAN. That's kind of a hard one to answer. I think it is a good start in its offered flexibility to the States. This morning, when Governor Miller was here, we talked a little bit about how some of the provisions do come back to the States. We need to be sensitive to that. And the provisions in the catastrophic care did allow some room for States to work. Some States, such as ours, allowed us to increase assets considerably. Other States, as I understand, need to request waivers and some adjustments because their levels were already a little higher.

So I guess perhaps Mr. Fields could answer that better than I because he works with people that are dealing with the legalities of it more than we do. I think that it is a much needed protection that I would not like to see lost, and a good start.

Senator REID. Jack, would you care to respond?

Mr. FIELDS. I think the spousal impoverishment provisions are very good. They allow uniformity throughout the country, which I think is a good idea. They do allow the community spouse—the spouse that is going to be living at home—to keep at least half of their income, with floors and ceilings. I'm sure you know what the various provisions are. They also have an out for people who, in special circumstances, through the fair hearing and through the court order provisions.

I think it is very good at this point. There may be a need for fine-tuning or adjustment in the future, but, again, I think that's a matter for long-term planning and some good, thought-out ideas and some planning about what we are doing with seniors in this country.

Senator REID. Jack, while I have you, give this committee examples of some of the cases that come before you most often that relate to health care issues.

Mr. FIELDS. Most often, as an advocate I'm dealing primarily with the money side of things. A wife will come in—as long as we are on spousal impoverishment—whose husband has been diagnosed as Alzheimer's or was diagnosed a long time ago. He now needs to go into a nursing home. And, quite frankly, these people are coming into my office literally crying, saying, "What do I do? I'm going to be driven into the poor house. All of this money is going to a nursing home." Usually the phrase is, "The State is going to come and take my money."

That is not literally what happens, but if nothing is done by that spouse, then they will end up losing their life savings for nursing home care for their spouse.

The Catastrophic Act recognizes that there needs to be some responsibility for the couple for this kind of care. An example: If the couple together has managed to save $100,000 and then the hus-

band becomes suddenly ill, I think everyone would recognize that some of that money should go for his care in the nursing facility. But if we take all of it—and 2 or 3 or 4 years ago, that's what we were doing. That's what the nursing home was doing or what Medicaid was requiring be done—if we take all of it, then we're really putting the wife in a position of being impoverished. Now she doesn't have any money. She doesn't have any income. So that kind of case I'm beginning to see more and more of in my tenure at the Law Project. The word seems to be getting out that we can save you some money.

The other kind of cases that relates directly to this bill are the cases involving Medicare. Skilled nursing care seems to be the real big one. When a person goes into a nursing facility, they are categorized as to their level of care—either skilled nursing care or a intermediate level, generally. That's why I kind of jumped on HCFA. The ad hoc regulations that are now in place make it very difficult for people who are, in actuality, getting skilled nursing care. It makes them difficult for them to have HCFA recognize that kind of care. Built into this system is a denial process, and if you talk to the people in nursing homes and hospitals, the general rule is: If you don't have tubes coming out of you, you're not getting skilled nursing care. That is an incorrect standard, but that's what's out there, and those are the kind of cases that I'm also dealing with attempting to get the nursing homes and HCFA and everybody else involved to recognize what the correct standard is for judging someone as needing skilled nursing care.

Senator REID. And as you attend the conferences that you do with people that are similarly situated in work as you, do you find these are problems that are going on all over the country?

Mr. FIELDS. All over the country. As you know, we attended recently the Joint Conference on Law and Aging in Washington, DC. The primary draws for those conferences were the sessions on spousal impoverishment and changes in Medicare regulation.

Senator REID. Anne Koepsell, I wish that I could articulate as well as you did a philosophy of government that I have, and that is that many times in government we are penny wise and pound foolish. We try to save a dollar here, but in saving that dollar here it costs us 10 elsewhere. I, at town hall meetings and other places, have attempted to explain what you did so well. If we skimp and try to save some money in a certain procedure by keeping people from getting medical attention when it is not acute, we wind up paying for acute care that is far more expensive than the initial preventative type care. That's basically what you explained to us, is that not right?

Ms. KOEPSELL. Correct. We do between 800 and 1,000 visits a week. We have a caseload of around 200 clients. Close to 60 percent of those are re-admit cases, meaning we pick them up, we discharge them, 2 or 3 months later we pick them up, we discharge them. In the course of a year, we do very intensive visits and then nothing and then very intensive visits. Whereas, if we could provide that level of support services, it would end up costing less.

I have not done any research or study on this, but just in my 15 years in home care I have seen this pattern developing. I think it is not even a matter of spending more money; it is just a matter of

reshifting where we are spending it and using the moneys more effectively.

Senator REID. But you don't have to be a rocket scientist to look at that as——

Ms. KOEPSELL. Common sense. There is not a whole lot of common sense.

Senator REID. It doesn't take a lot of research, does it?

Ms. KOEPSELL. No.

Senator REID. Mary Jo Greenlee, your testimony was certainly direct and to the point, and I appreciate that very much. That's something that a lot of us don't think about, adult day care. You have indicated that you know of a person who has taken care of her mother for 5 years without 10 minutes vacation. You also indicated that at your facility 30 percent of those people pay full cost. How much is that?

Ms. GREENLEE. The cost to those individuals is $20 a day. What I neglected to say is that United Way picks up a portion of that cost for everyone. The actual cost of adult day care is $28 a day for 10 hours of service.

Senator REID. Can your facility accommodate more patients?

Ms. GREENLEE. Actually, we are licensed for 75, and our average daily attendance is 60. But in a 6,000-square-foot facility and a number of wheelchairs, we feel that we are basically at capacity.

We are not turning anyone away with a need; however, we would like to expand and have another day care center.

Senator REID. That was my next question. Are there enough adult day care centers in Nevada and in southern Nevada in particular?

Ms. GREENLEE. In southern Nevada there are two. There is one in Henderson and there is one in Las Vegas. In northern Nevada there is one. So we have three in the whole State of Nevada.

To compare us with Phoenix, Phoenix has 13 adult day care centers in the Phoenix area. We, like Phoenix, are spread out and obviously need to be in more parts of the city.

A family member oftentimes has to drive 45 minutes to get to us, another 45 minutes back to work. We're putting another 2 or 2½ hours on their work time just to get to our center.

Senator REID. Senator Bryan.

Senator BRYAN. Thank you very much, Senator Reid.

I have some questions that I'd like to ask, but let me just preface my comments by thanking each of you for your testimony and some insights that are helpful to us in terms of your own experiences on a day-to-day basis. I thought it was thoughtful and very insightful.

Senator Reid, if you have no objections, as much as I'd love to ask this very capable panel a lot of questions, I'm going to have to leave at about 11:15 and I'd like to hear from the audience.

So I hope that none of the panelists are offended that I'm not asking you some questions, but I know most of you personally and look forward to continuing that dialog. I thank you very much.

Senator REID. Thank you very much for your time.

What we're going to do now, as the panelists leave their place at the front of the room, is turn the microphones over to people to tell us how they feel about this issue or any other issue.

Prior to doing so, though, I'd like to have the liberty of using a minute here to wish a person that has been involved in senior issues for as long as I have been involved in the Congress of the United States. He has been involved in many good causes. I'd like to wish Bill Goldman a happy 83rd birthday. Today is his birthday.

[Applause.]

Senator REID. If you would, for the record—because this record will be taken to Washington—would you state your name so that we can, in fact, if we need to contact you further, know how to contact you. And, if you could, let me just ask you to limit your remarks to about a minute and a half or so, because we have a lot of people that want to talk, and I have to leave here by noon.

Please proceed.

Mr. VIVERT. Senator Reid, Senator Bryan, my name is Frank Vivert. I am a vice president of SCACA and, of course, a very concerned senior citizen.

Both of you, of course, remain unquestionably good friends of senior citizens of Nevada—undoubtedly of the entire country. But I feel—and I'm sure others share my sentiment—that if you had been steadfast in your opposition to the Catastrophic Health Act and not voted for the McCain amendment, you would have stood out perhaps as a lone voice, but certainly a strong voice of dissent, which would be an inspiration to all of the seniors here and throughout Nevada.

I would also like to point out a misconception fostered by the press and many legislators that only 20 percent of so-called affluent senior citizens voiced opposition to the Catastrophic Health Act. That is not so. I assure you that the bulk of the people here today are not affluent senior citizens.

I also assure you that more than 500,000 signatures from all over the country opposing this unjust act did not come from affluent senior citizens.

Another point disregarded almost wholly is the fact that sources of income senior citizens receive, many of them—workers' compensation, even Social Security which, in many cases, will be taxed twice—are now taxed under the IRS under the Catastrophic Health Act. And if that is so, it will make senior citizens never considered affluent and still not affluent eligible for being taxed to support the Catastrophic Health Act.

SCACA takes the position we will not be satisfied with anything else but outright repeal of the Catastrophic Health Act.

Thank you, Senator.

Senator REID. I just want to repeat so there is no misunderstanding: If I had to do it all over again, I would vote the same way that I did on Saturday, because to vote any other way than the McCain amendment, would be voting to keep the surtax, and I think that would be foolish.

Dr. WARM. My name is Doctor Herbert Warm. I am a retired physician. I would like to take the group here on a little nostalgic trip, if I might, Senator. I can't ever say anything in a minute and a half. I never have.

What I want to do is take you back and tell you that in the very early 1930's I rode as a member of the rescue squad in Cincinnati known as the "lifesaving squad." In those days, we had no ambu-

lances. The ambulances were furnished, as some of you remember, by the mortuary groups in town. We had a remodeled fire truck for our rescue squad. It was the first fully paid rescue squad west of the Alleghenies and possibly in the United States.

At that time, we recognized a very interesting phenomenon. We were the only ones in the city. There was one for a city of about 450,000 people. We were busy. We were called the "Brass Ring Outfit" because if you pull the brass ring you'd get a free ride on the old carousel, and we got a lot of free rides.

We noticed that except for if we take out the fire runs, well over 50 percent of the runs we made were totally unnecessary. They were not emergencies in any sense of the word. But the service was free, so it was great fun to have the rescue squad come out there and find out that there wasn't a great deal wrong with you that couldn't have been taken care of all day that day or last week or next week.

Last Sunday a sometime member of the paramedics of Mercy Ambulance was at my house, and he was telling me virtually the same story—how disgusting it was to find somebody that you had just made what they call a back-to-back run—they never got home before they got a radio call to go somewhere else—and find a person who was not really very ill and had the sniffles and you ask them how long they have had the sniffles—and these are his exact words—"How long have you had this problem?" "Oh, I've had it all week, but I felt worse tonight." That was at 3 in the morning.

When something is made totally free, it is abused. I'm sorry to say that, but Americans are that way, and I think so are people all over the world. I don't think we differ very much from other people in the world. There has got to be some kind of a tag along on this thing in order to make it possible for people to support it.

During the time that I was a resident in surgery I saw the same thing. It was in the mid-1930's. You will remember those times, I'm sure—some of you—very vividly. We didn't have much.

And we made do——

Senator REID. You're way past your 90 seconds, so——

Dr. WARM. I wanted to get this message across. We saw the same abuse there in the city hospital that we saw in our ambulance runs earlier on in my career.

I want to call attention also not only to the fact that this bill must be repealed in its present form, some sort of help must be given for long-term care—not for hospitalization, particularly, but for long-term care.

This I recognize. This I think we all recognize. It is very important, but it can't be given under the terms of the Catastrophic Health bill, and it must be given with some strings attached in order to control it.

I just read the other day that somebody is proposing another health care bill. Those of you who remember the health care bill that was proposed under Truman and what it was defeated, I can tell you very simply it was offered as a minimum health care for everybody, but we don't want minimum health care for everybody. We don't——

Senator REID. Doctor, we appreciate very much your testimony.

Dr. WARM. They brought it up again. It is going to come up again, Senators, and I want you to realize you can't produce it at anything that the people in this country are willing to support.

Senator REID. Thank you very much.

Mr. KNECHT. Senator Reid and Senator Bryan, I'll try to do a makeup for the doctor there. I'll make mine more brief.

I'm president of the——

Senator REID. Please state your name.

Mr. KNECHT. Kenneth Knecht, K-N-E-C-H-T. I'm president of RPEN for the southern Nevada chapter.

I don't know if this is a question or a comment, but I'd like to hear your comments on it. You said that the budget has more outgo than income. Through this, they would collect about $4 billion. It is strange to me that in less than 30 days we could find $100 billion to throw at S&L who went busted at their own wrongdoing. I'd like to hear whatever comments you have on that.

Senator BRYAN. I was the one that made the comment that the Catastrophic Care bill is what they call front-end loaded; that is, it collects from all of your $4 billion more in revenue than is paid out in the first year in terms of benefits. President Bush and the administration have used that argument to say we cannot and should not repeal Catastrophic Care because if we do so—and let me make it clear that I totally disagree with this, as does Senator Reid. But you asked what I meant by the $4 billion. They are arguing that we can't repeal Catastrophic Care because that is $4 billion the Treasury is using to try to reduce the deficit. Outrageous. Outrageous.

But that's the argument. The S&L—and I don't want to take a lot of time, because we do want to hear from you—$160 billion. You know how that was financed. Absolutely the most incredible bookkeeping accounting chicanery in the world. President Bush insisted that that be financed not as an up-front, honest expenditure, but off budget. So all we've done is say it doesn't exist. We have created a special government corporation called the Resolution Trust Corporation. It raises money through issuing bonds—the $169 billion. But when Senator Reid and I are presented a copy of the Federal budget and you see the Federal budget, you don't see it on the budget. Absolutely dishonest, sir.

Senator REID. Please state your name.

Mr. PROULX. My name is Pat Proulx, and I have just one question. Who else gets catastrophic coverage besides seniors? And do they pay into the system?

Senator REID. Under the Catastrophic Act and under many other pieces of legislation we have passed, we indirectly give a lot of support to people because we pass the burden off on the State, as Bertha Warrick testified earlier. By passing legislation, we sometimes—and more often than not—create a responsibility on behalf of the State and their local governments to provide the coverage if, in fact, it is not covered in the Federal Government.

[Chorus of boos.]

Mr. PROULX. Do they pay into the system?

[Chorus of noes.]

Senator BRYAN. If Senator Reid will permit me, there is a provision under the Medicare law before Catastrophic Care that pro-

vides for total disability coverage. So there are people, sir, that receive benefits that do not pay as those of you do because the Congress made a determination years before Senator Reid and I were there that total disability coverage is provided. So there are some people that receive benefits that do not pay exactly as seniors do. So you can certainly argue that it was not right and not fair, but that was done many, many years ago. I'm not here to say it was right, but to answer your question.

Mr. PROULX. So who else? Who else gets benefits without paying?

Senator BRYAN. I don't know. There are other categories. The whole spectrum has been changed a little bit when one takes a look at Social Security recipients. There is coverage, for example, if a Social Security recipient dies and has minor children, there are benefits that are accorded minor children, even though the deceased father was not then himself eligible for Social Security benefits.

Mr. PROULX. And I pay for that?

Senator BRYAN. We all do, as Americans. We all pay for that.

Mr. PROULX. But as a senior that pays into Catastrophic, I——

Senator BRYAN. That's not part of Catastrophic.

Mr. PROULX. I'm just asking for Catastrophic. I'm not asking for anything else.

Senator REID. Excuse me, Richard. One provision that I didn't mention and should have is that there is a provision in the Catastrophic law that does cover some poor pregnant women.

Mr. PROULX. And they don't pay at all? They'd better not get pregnant. That's not fair.

Senator REID. You asked what was in there. That's one of the reasons that——

Mr. PROULX. I'm going to go to Russia. This is terrible.

Senator REID. Next statement?

Mr. HOLLAND. My name is Reece Holland. Myself and most seniors are against the Catastrophic Health bill, but that doesn't deter Bush or his predecessor. Most of them are against the $300 billion on defense, but that doesn't stop them.

The reason Bush wants the bill is so he can put his hand in the cookie jar before he hands out any cookies, like the I.O.U.'s in the Social Security.

Mr. KRAFT. Good morning, Senators. My name is John E. Kraft. I'd like to bring something constructive to this thing.

[Chorus of boos.]

Mr. KRAFT. If your staffs will go to the document office of the House, they will find bill H.R. 1 introduced in the 93d or 94th Congress by former Representative Al Ullman of Oregon. It was known as the Ameriplan by the American Hospital Association, as well, and AHA health representative Ullman crafted the bill.

It is a system by which everyone would be properly insured against any illlness—catastrophic or otherwise—irrespective of age group or ability to pay. Premiums would be paid into a central insurance fund on an ability-to-pay basis. If you were too poor to afford health care—and that is some 20 million Americans that are underinsured or uninsured—then the Government would pay the premium for you.

I would suggest that the staff of the Pepper Commission and any cognizant committees in the Senate or the other body look long and hard at the Ullman bill, perhaps being 20 years ahead of its time.

I, as a retired health care administrator, will work with the staffs of those committees and will give what input and help I can give. I'm going to tell you the charge is going to be a lot less than the beltway bandits you've got now. That's the cost.

Thank you.

Mr. POPE. My name is Gordon C. Pope. I just joined your ranks—65. [Laughter.]

It doesn't bother me to have the money come off of my Social Security check that much. I kind of agree with the gentleman that just was on here.

I'd like to ask a question. I'm sick and tired of this question being broke and broken by the doctors and the hospitals. They are doing it to us.

So I would like to ask a question: How many in this audience, including the panel here, have considered socialized medicine? Why wouldn't it work? Nothing else is working. Have you tried it and talked with Canada? How many have talked with Canada? Let's give it a try, because nothing else is working.

Thank you.

Mr. HASLIP. I am Albert Haslip. In accord with the gentleman who just spoke, I would like to observe that it seems to me that our basic problem is that doctors and the medical industry have an uncanny ability to absorb any amount of money they can get close to. Thank you.

Mr. BURKLAND. My name is Ed Burkland from Reno, NV. I was very fortunate to be down here to get in on this meeting, and especially hearing that the one in Reno has been cancelled. I'd just like to ask——

Senator REID. If I can interrupt, Senator Bryan and I won't be in Reno; however, the Secretary of State is going to try to conduct the meeting. We're glad to have you here.

Mr. BURKLAND. I'm still glad that I'm at this meeting.

I want to make one comment. I think that Congress should chastise AARP——

I think that Congress should publicly chastise AARP for misleading you in the first place. In other words, if it hadn't have been for AARP, I don't think you would have voted for it, and I don't think a lot of others would have.

Ms. MICKENS. My name is Betty Mickens. In the first place, I want to tell you we're sick and tired of being called greedy, rich, old geezers.

We're not. But all of you politicians are probably millionaires. Now, Rostenkowski—because that's all he is—Bentsen, and read my lips baby, are going to find out how much heat they can take come next election. As long as we have a wonderful president like Dan and Marcia Hawley, we're going to stick in there until the very end. We want complete repeal.

Ms. LEE. Senator Reid, sir, my name is Nancy Lee, retired military.

There is one issue that has never been discussed in all of this, and that is that the military—as a retiree, we have the facilities of

the clinic, we have the facility of the base hospital, and we have the facility of the VA hospitals all over the United States, plus we carry our own insurance. We have the Medicare, plus we have the supplement and we have the CHAMPUS. So where do we fall in on paying all of this when we have all this already?

Mr. FELDBERG. My name is Jerome Feldberg. I am addressing this question to Senator Reid. Was it mainly the influence of AARP that influenced the vote of the Senate?

Senator REID. Yes AARP did exert influence.

Mr. FELDBERG. Thank you.

Mr. FOSSUM. My name is Allen Fossum. I'd like to ask a question in regards to the $4 billion that would be accessible by the Executive Board to put in against the Federal deficit.

Now, this has been a couple of times that I know of that the Social Security blanket be taken away from the future recipients and diverted to the Federal budget.

Now, if we are going to do that, why don't we repeal the actual pension of past Presidents, past Presidents' wives, and a lot of these others that are living with the gratuities that are above and beyond what any of us will ever get?

Senator REID. Let me just respond to that. I sponsored and cosponsored—and it passed the House—a Presidential retirement bill that prospectively will change that. After President Reagan, Presidents who retire will be treated differently than those that have been in the past, based upon what some people feel are the abuses—large staffs, especially the libraries. That was the biggest objection I had, because the libraries cost millions and millions of dollars. We have some people who help to build them, but after they are built the taxpayers have to fund them, staff them, and man them, and, in my opinion, that has been really abused. So that will change after President Reagan.

I would have liked to have changed his, but I didn't have the votes.

Ms. SUGHRUE. My name is June Sughrue, and I'm going to maybe repeat a little bit here on this AARP thing. I would like to see how many members here are AARP members. How many people here today are AARP members or ex-AARP? Does this show you that they do not represent us? They pushed this thing through, and last month they came through with—I don't know how many of you got it—their new insurance for rest home care. This is what we are all after, is rest home care. But they pushed through the Catastrophic Act. Now they're coming through—they know that it is not covered in that. Now they're offering us, at a very exorbitant fee, rest home care.

Thank you.

Mr. DAYTON. I'm Stewart Dayton from Boulder City, often known as the Boulder City Blabbermouth.

I would like to make a statement about AARP. I know where we could pick up $24 million a year—by eliminating the nonprofit status of AARP.

We taxpayers are subsidizing AARP $24 million in postal subsidies.

Now I'd like to make another comment about AIDS patients. Almost all AIDS patients are homosexuals. I look around this

crowd, and I doubt that there are very many homosexuals in this group, and I don't see a single one that I would accuse of being an indigent mother.

So I say the Medicare Catastrophic Act is a dead horse. Let's not sit around up there in Washington and give it an enema.

Mr. MAHAL. Senator Reid, I'm Ken Mahal. I can't say it any better than he could. I was just going to say in this case let's throw the baby out with the wash. It's a mistake. It's a very serious mistake. And I'm afraid you Senators and Congressmen—you know, we have smog in this valley, but I'm afraid your self-generated smog in Washington is so thick you have totally lost reality when it comes to people called senior citizens and what they can afford and what kind of a lifestyle they have a right to have.

For instance, Senator, I know that when you retire from the Government, your paycheck, not many years after you leave the Senate, will be equal to or more than your current salary because of indexing. My paycheck, like almost everybody's here, is pinned back fixed in 1976. I do not live in the same economy, nor do these people here, that you and those like you in the Senate and Congress do.

It is high time that we kill this bill. We kill it, and then let's bring aboard some people who are experts, not politicians with special axes to grind.

Let's bring aboard people. There are hundreds of thousands of us in this country who led their professional career dealing, as I did, in the planning and the implementing of health care facilities in the country. I'll tell you that in 1 day I could give you much better ideas than you've ever come up with there, and there are thousands like us. I think you need a blue ribbon committee of people on aging that are of our group to be able to sit in on this and rewrite a new act that is called Health Care for the Aging.

Thank you.

Mr. PANCHAK. My name is Paul Panchak, retired from the service—30 years government service.

The only thing good I can say is, now that I'm paying $32 for Medicare I qualify for renters' assistance.

Mr. JANZ. My name is Fred Janz, and I think that in view of the fact that you have looked at the President's retirement benefits, I think that they should now look at Congress'. Thank you.

Senator REID. I don't mind their looking at them, just so you don't want me to retire right away.

Ms. BOYER. My name is Catherine Boyer. I would like to know why all of the publicity or most of the publicity that has come out of this catastrophic bill has been so confusing. Even what we have heard from Washington has been confusing. Now, why wasn't all of this clarified before or even after this bill was passed? Why have we been in this confused state for so long? And why wasn't this particular meeting better publicized than it was?

Senator REID. Let me answer the last question first. We have done the best we can in advertising this hearing and the turnout certainly is great. If we had been able to hold it some place else—some place more convenient for seniors. I would guess we would have many more with us today. We did the best we could in adver-

tising the hearing, and in fact, couldn't have handled a much larger crowd.

As to the confusion regarding this bill, as you may or may not know—and I certainly know at this stage—part of the modus operandi of people who don't want things changed is just to keep issuing confusing statements to people who don't have access to any other information, and that has been what has happened in this bill. There are large segments of the population in this country who don't want the bill changed. They want to keep it the way it is. We have heard some of the reasons here today.

One is that on a short-term basis it is a revenue generator. I have spoken with Dan Hawley and others. We know, in the long-term, it would be a money loser for this country.

But I'd have to say, in response to your question, that one of the voices of reason that we have heard during the past year on this legislation has been from Las Vegas and the Dan Hawley group, who have been issuing statements all over the country. The fact of the matter is that SCACA organization is one that has been spread out all over the country, and that has been the reason that there was repeal in the House and that we were able to get as far as we did in the Senate.

Mr. GOLDBERG. My name is Bob Goldberg, and I would like to say that there is an address to write to in Washington to Internal Revenue, to the Criminal Investigation Division, to ask for the tax-free status of the AARP be eliminated, and I think your staff should publish that address so that everybody here could write to them.

Senator REID. We don't need to, you just did.

Mr. GOLDBERG. Well, I don't have the exact address at hand, but there is a person to write to. And I think you and Senator Bryan should also make a point to be very strong in noting that it is not wealthy seniors that are against the Catastrophic Health Act.

Senator REID. It is interesting. I wanted to comment on this. In the State of Connecticut, as an example, 58 percent of the seniors in the State of Connecticut would pay the surtax. So the point I'm trying to make is that there are a lot of people across the country who would pay the surtax. Remember, it is only $150 in the way of taxes, that qualifies one for the surtax.

Mr. GOLDBERG. But I think that wealthy tag should be eliminated.

Senator REID. I agree with you.

Mr. GOLDBERG. Thank you.

Ms. HASLIP. Senator Reid, my name is Shirley Haslip, and I'm from Las Vegas. I want to thank you for this opportunity for all of us to bend your ears some more. You've been very patient.

Senator REID. You're the second Haslip we've had, right?

Ms. HASLIP. You're right. The big fellow was here before me. I don't stand very long.

I am a member of SCACA. I certainly believe in repealing the Catastrophic Health Care Act, particularly because it is very poor legislation. When you start to monkey with poor legislation, you end up with real garbage.

There are aspects of the law that people seem to want to save, and there are many of us who are certainly very concerned about elderly people who are at poverty level and below poverty level.

Is it not possible to repeal the Catastrophic Act, to appoint a blue ribbon committee—as Dan Hawley has recommended—to really study a health care plan for the entire country, since there are so many uninsured people all over the country?

Senator REID. I think the point that you just made is one that needs to be made time and time again. We are here today to deal with catastrophic insurance as it relates to seniors, but you have just recognized, as we all do, that the problems of medical care are over and above seniors.

Ms. HASLIP. Yes, sir.

Senator REID. Medical care—I have had personally this past year some problems with members of my family that relate to medical care, and it just really is incredible. You have to be there to know what it is like. So your point is well taken. We are here today to talk about the Catastrophic Health Care Act, but I think that you're right that we need to look at the overall health care delivery system of the country as it relates to all people from infancy to——

Ms. HASLIP. In the meantime, however, I do want to address the problem of seniors. Is it not possible, after repealing the act, for the Congress to act to amend the Medicare Act and pull out some of the salient points from the Catastrophic Care Act such as spousal impoverishment and change that part of the Medicare Act? Congress has amended it time after time after time.

Senator REID. In the statement that I gave on Friday that appears in the Congressional Record I talked about spousal impoverishment. We can't repeal and just walk away from this. We have to repeal and then dive in head first to try to resolve some of these problems.

The simple fact that we repeal the law doesn't mean the problems are going to go away. The problems still exist.

Ms. HASLIP. Absolutely. Thank you very much.

Senator REID. You are sure welcome.

Mr. HARLAND. My name is George Harland. I reside in Boulder City. And, of course, I am for total repeal of the Catastrophic Act because if you come up with a bad recipe like the Catastrophic Act and then you try to patch it up, it will probably just get worse. Like the lady before me said, a blue ribbon panel should be appointed and a lot of thought given into this for the total health problems of this Nation.

Senator Reid, I would like very much if you would indulge me with an answer on another unfair law. It is a Senate bill that you introduced, 434. It has to do with a State trying to tax a resident of another State at the source of their pension. This is a rotten, unfair law. You wrote me a letter explaining that—in my case, it was California.

Senator REID. That's in most people's case.

Mr. HARLAND. That might be one of the worst States.

Senator REID. Not one of the worse. The worst.

Mr. HARLAND. Okay. Now, most pension trusts gather money from all over the country and over the world, possibly, to increase the amount of money for pension purposes. Now, State legislatures have got a lot of guts to reach in and extract the pension just because somebody worked there at a former time in their life.

Senator REID. Let me just comment to the audience. I'm sure most of you know what he is talking about. The State of California, if somebody works over there, earns a pension and then retires and moves to Nevada, requires that he continue to pay tax to California on his pension income. So we're working on this. My bill, S. 434, would stop States from taxing the pension income of nonresidents.

Mr. HARLAND. Can you tell me if it looks like a bill that will be passed.

Senator REID. It looks to me like a bill that the States of California, Texas, and some other large States may fight—and we therefore may have some trouble passing it.

Mr. HARLAND. That is really a rotten law.

Senator REID. You've got that right.

Mr. HARLAND. Thank you, Senator.

Ms. WAGSTAFF. This is quite a privilege for my husband and I to be here today. We are actually from Meadeview, AZ. We did hear your——

Senator REID. What is your name?

Ms. WAGSTAFF. Edna Wagstaff. I'm sorry.

Senator REID. That's okay.

Ms. WAGSTAFF. I've got a little bit of a sore throat.

Senator REID. We claim you as part of Nevada anyway.

Ms. WAGSTAFF. Thank you. You know we do get most of our TV from Nevada. Several of us have considered the possibility of annexing to the State of Nevada because we hear Nevada news and what is happening.

What I wanted to address was the fact that I did call John McCain's office Friday. We were attempting to get a message to him if possible because we still want that repeal. We do not want it tinkered with, which is what he did in his—he did send me a copy of his original proposal.

I talked to one of his aides, Jeff Myers, and Jeff said that he would go ahead and call Washington, DC—which he did—and call me back. The opinion was that the only comment that he could make was that the seniors voting block is the biggest in these United States, and boy we've got to hang in there and maintain that voting block. So hang in there people.

Mr. STAGERS. My name is Ed Stagers. I live in Las Vegas.

I have a question, Senator. If California can tax our pensions, do we have a voting right in California?

Senator REID. You don't want one.

Mr. STAGERS. Yes, I do. I'd like to get rid of a batch of them.

Senator REID. I want to tell everybody how much I—I'm sorry. Did I interrupt you? Did you have more?

Mr. MAHAL. I have one further comment I'd like to make.

Senator REID. Okay.

Mr. MAHAL. I have gone through some of the catastrophic health problems with my own problems, and I feel that one of the most economical ways of dealing with this problem is home health care. There is little or no doubt in my mind about that.

Senator REID. You're absolutely right. That's what I was talking about when I spoke with Ms. Koepsell. That's what we were talking about; namely, that we could spend a few dollars on home health care and save the country a lot of money.

With all due respect to you, I've got a lot of things to do, and you've already been to bat once.

Mr. MAHAL. I just have one thing I have forgotten.

Senator REID. Okay.

Mr. MAHAL. Please consider any re-work of the bill that since like in Nevada a husband and wife share 50/50, if we have some kind of catastrophic health bill where somebody has to go in to long-term care, let's consider that half of the assets are the wife's.

Senator REID. We've talked about that here today. We're going to protect that. Long before Catastrophic Health I introduced an amendment that passed the Senate and thereafter, as I indicated, the State of Nevada changed their regulations so that there was some relief for the home-based spouse.

I want to tell everyone how much I appreciate your being here. We have had a great deal going on in Washington, and a lot of it has been as a result of this Catastrophic Act. I think the timing of this hearing is extremely important because everything that everyone has said has been recorded and will be taken to Washington.

Now, we here today have talked a lot about some of the negative aspects of things that have been going on in Washington, and we all know that we could talk about a lot more negative things. I could write a book on some of the bad things that have gone on in Washington and that are going on right now. But in spite of that, let's stop and think for a minute about what a great country we have.

We are able to say what we want to say. There have been people here today who have criticized me. They have the right to do that. And when you leave this room, nobody is going to beat you up or kick your kids out of school. I can say anything I want about you—and I've done that here in the nicest way that I can. That's the kind of country we live in.

I think we have a great responsibility, and that is to be the best possible country that we can be. And we are being the best possible country we can be by participating in these public forums like we are here today.

Thank you very much. I'm very proud to be a Senator that represents the State of Nevada. I love the State of Nevada and each of you. Thank you very much.

[Whereupon, at 11:45 a.m., the committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

Item 1

NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES

Nevada Federation of Chapters
T.G.TRAVERS, PRESIDENT
2268 SARROSO STREET
LAS VEGAS,NV 89115
OCTOBER6th, 1989

Honorable Harry Reid
U.S. Senate
Washington, D.C. 20510

Dear Senator Reid:

This is in regards to the Catastrophic Health Act and your open discussion on this subject at the Hacienda Hotel on October 10th at 9:00 AM.

I regret that I will not be able to attend this meeting due to another commitment. I am however, enclosing along with my letter a copy of the letter that our National President Steve Morrissey sent to the members of the Senate Finance Committee.

I believe that NARFE has taken a most credible and rational approach from the beginning of the Catastrophic debate, and as a result, NARFE is recognized as the organization leading the fight for Catastrophic correction.

We maintained from the beginning that the sur tax must be repealed but we do not believe that the entire package needs to be repealed along with the surtax. We know that the core package of benefits for the low income elderly, the spousal impoverishment provision and certain other benefits can be maintained and paid for with part B flat premium, and that is what we have sought.

NARFE does not deal in threats to members of Congress nor advocates the use of forms and petitions to convey our message. We have however, flooded Congress with hundreds and thousands of individual letters, met with members of Congress in Washington and in their hame districts and made our position well known to all.

I feel that even though the House of Representatives voted to repeal this health act, that major modification of the act will be enacted this year before the year is over, and I know that NARFE will be credited for the work that it has done in that direction.

With Best Regards
And
Respectfully
Ted Travers
T.G. Travers, President

NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES
1533 New Hampshire Ave., N.W., Washington, D.C. 20036-1279 (202) 234-0832

H. T. STEVE MORRISSEY, President
H. L. "RIP" RIPPLE, Vice President
HAROLD "HAL" PRICE, Secretary
BENNY L. PARKER, Treasurer

September 15, 1989

To all members of
Senate Finance Committee

The one-half million members of the National Association of Retired Federal Employees (NARFE) greatly appreciate the fact that the Senate Finance Committee is fully reevaluating the costs and benefits of the controversial Medicare Catastrophic Act of 1988. We recognize the difficulties involved in revamping this law so that the nation's senior citizens retain adequate protection against the catastrophic costs of acute illnesses at premium levels which are affordable.

We support your continuation of the Medicaid buy-in of Medicare coverage for the low income elderly, and applaud your tentative commitment to retain the core of benefits which seniors have indicated are among the most important to them -- hospital coverage, protection from spousal impoverishment, and expanded skilled nursing facility coverage. These benefits closely coincide with the values assigned to the various aspects of the Catastrophic Act in a poll released last May by the Coalition for Affordable Health Care. The results of this poll were shared with the Finance Committee at the June 1 hearings in testimony from Admiral T.J. Kilcline of The Retired Officers Association.

We are concerned, however, that the benefit reductions tentatively agreed to by committee members thus far have not been sufficient to allow for elimination of the most controversial aspect of this entire bill -- the seniors only surtax.

As we earlier indicated, in testimony, the force of the controversy is not focused on the percentage nor the dollar amount of the surtax. The problem is the surtax, and to address the seniors' outrage, the surtax must be repealed.

We are astounded by reports that the Committee would retain the surtax, albeit frozen at the current 15 percent rate, or further discounted, and, even reduce the maximum surtax. This not only maintains the surtax burden on middle income seniors, it makes it a relatively better deal than ever for those with the highest incomes.

As your Committee is now considering a national savings initiative through reestablishment of a $2000 tax deferred IRA, we hasten to point out that so long as a seniors only surtax is retained, tax deferred savings are of little value. When marginal tax rates are higher after retirement, or age 65, there is no incentive for such earlier savings.

NARFE, along with more than 44 other organizations of the Coalition for Affordable Health Care, has been on record in support of Senator John McCain's bill, S. 335. This bill called for retention of benefits effective in 1989, with a one year delay in implementation of the surtax and any additional benefit coverage, so that the Committee and the Congress could reevaluate the catastrophic financing and benefit package.

In a Senate floor statement on September 15th, Senator McCain announced that if current reevaluation by the Committee could not produce a way to keep a package of core benefits which can be paid for by the current Part B flat premium without the surtax, he plans to offer a proposal which will do just that. Since such a plan would be fully consistent with the proposals earlier backed by NARFE and the Coalition for Affordable Health Care, we would support that plan. Seniors continue to insist on total elimination of the surtax, and are becoming increasingly impatient with Congress' insistence on its retention.

Sincerely,

H. T. Steve Morrissey
President

Item 2

3201 South Maryland Parkway
Suite 120
Las Vegas, Nevada
89109
Telephone: 702 735-5110

Humana
Seniors Association

October 9, 1989

Senator Harry Reid
708 Hart Building
Washington, D.C. 204510

Dear Senator Reid:

The Advisory Board of the Humana Seniors Association of Las Vegas wishes to note - with much appreciation and gratitude the valued and sincere support and help given by you, Congressman Bilbray, and Senator Richard Bryan in the repeal of the Catastrophic Health Act of 1988. All members of the Humana Seniors Association are relieved and grateful.

In this hour of possible victory, we must not be blinded to the need of the chronically ill and disabled. The Catastrophic Care Program did not cover costs of long term nursing home care or long term home health care. These are real needs. The serious and dehumanizing diseases of the aged and aging require mature and realistic solutions. The federal government must provide care for these suffering human beings - this is the real catastrophy.

The cost of this long term care must not and should not be the sole responsibility of the senior citizen. The cost of such a program should be equally distributed among all taxpayers.

Sincerely,

Gerard V. Farinola, M.D.
Chairman
Humana Seniors Association Advisory Board

sm

Item 3

1150 E. Williams Street Suite #203
Mailing address; PO Box 3226
Carson City, Nevada 89702
(702) 885 - 1006

October 10, 1989

The Honorable Harry Reid
U.S. Senator
708 Hart bldg.
Washington, D.C. 20515

Dear Senator Reid:

In response to your courtesy in allowing the Nevada Health Care Association to testify concerning the current debate on the catastrophic health care law, the following comments are pertinent:

As the cost of health care consumes a larger and larger proportion of total expenditures in the United States, it is evident that it becomes increasingly difficult for the average citizen to pay for health care. We have debated this issue in our country for years. The problem has always been finding the federal dollars to keep up with health care cost inflation. Until such a time as Congress is willing to approach the whole subject on the basis of providing care to meet the needs of literally all the people, we must be satisfied with the partial attempts that seem to be on the menu in Washington year after year.

In terms of the catastrophic bill, it is true that the elimination of the law as a whole would knock out the skilled nursing benefit which, according to the Health Care Financing Administration, will enable more than eight hundred thousand beneficiaries to obtain first day coverage in 1989. Our Association cannot support a proposal that would allow this major benefit to fall by the wayside.

You probably have not received comments from very many elderly and disabled people who are receiving the above-mentioned SNF benefit. However, that does not dilute the fact that this is a very important ingredient in their health care to them.

I hope that you can salvage certain parts of the bill such as the one I have described. I understand the hue and cry of the senior citizens at not wishing to pay larger amounts of money for health care. They would prefer that society as a whole pay the bill. That is a difficult problem to reconcile, but it may be that the ultimate answer will lie in having society as a whole pay for all of society's health care problems.

Thank you for allowing this opinion to be expressed to you. Good luck in your difficult deliberations.

Sincerely,

Dave Nicholas
Executive Director

DN/cs

Item 4

The City of Sparks

DEPARTMENT OF FINANCE

October 12, 1989

Senator Harry Reid
United States Senate
Washington, DC 20510

Dear Senator Reid:

Thank you for your invitation to the Senate Aging Committee hearing on Medicare coverage of catastrophic health care costs in Reno on October 12. The Senate and your Committee should be congratulated for their attempt to discover what older Americans truly want and need in a catastrophic health care package. Differentiating "wants" from "needs", and then reconciling "needs" to the ability and even the desire to pay for them, are problems well understood by those of us in local government. This is especially true in Nevada with its many "caps" on local government revenues.

At this time, I would like to address my concerns as a local government finance officer (rather than my views as a private citizen) on the issue of catastrophic health care. As you are probably aware, there have been attempts in the past to force all local government employees to be covered by Medicare. (Currently, only new employees are covered.) I am concerned that Congress may be tempted to pay for catastrophic care for the elderly by forcing all local government employees into the Medicare system. Such a decision would cost the City of Sparks almost $150,000 this year, and these costs would obviously escalate in the future.

The City of Sparks has a most comprehensive and expensive medical benefit package. It is a continuing problem to manage the costs of such a system to assure taxpayers the best possible return on their dollars. I believe that requiring Medicare coverage would provide minimal new benefits to our employees while costing the taxpayers dearly.

Again, the Senate is to be commended for attempting to sift through the rhetoric; understand the issues; and then, on the merits, find a means of continuing the worthwhile portions of a program that, less than a year ago, was being hailed by both political parties. I cannot offer a method to fund these programs, but I would propose that additional federal taxes on local governments is not the proper way to achieve ~~even~~ noble ends.

I appreciate the opportunity to present my views. If you have any questions or wish more information, please do not hesitate to ask.

Sincerely,

Robert V. Stout

Robert V. Stout
Director of Finance

RVF/S

Item 5

BOB MILLER
Acting Governor

STATE OF NEVADA
DEPARTMENT OF HUMAN RESOURCES
DIVISION FOR AGING SERVICES
340 N. 11th Street, Suite 114
Las Vegas, Nevada 89101
(702) 486-3545

JERRY GRIEPENTROG
Director

SUZANNE ERNST
Administrator

ADDRESS REPLY TO:

☐ ADMINISTRATIVE OFFICE
Mailing Address
State Mail Room Complex
Las Vegas, Nevada 89158
(702) 486-3545

505 E. King Street
Suite 101
Carson City, Nevada 89710
(702) 885-4210

3660 Grant Drive
Suite C-1
Reno, Nevada 89509
(702) 789-0364

546 South 5th Street
Elko, Nevada 89801
(702) 738-1966

October 12, 1989

The Honorable Harry Reid
United States Senate
702 Hart Office Bldg.
Washington, D.C. 20510

Dear Senator Reid:

As a supplement to the testimony given by Suzanne Ernst, Administrator of the Nevada Division for Aging Services, I have been requested to comment on the long term care needs of the frail elderly.

Historically, there has been a bias in long term care toward institutionalization. Although nursing home care is important for those persons who cannot be maintained at home or in the community, it should not be viewed as the only option available. Less intensive, alternative forms of care must be available in the community, so individuals do not have to rely solely on nursing home care.

Approximately two-thirds of the frail elderly could remain in the community, if they received some help with their activities of daily living. These activities of daily living include bathing, dressing, feeding, toileting and transferring. Assistance with meal preparation, grocery shopping, housework and laundry is also needed.

Family caregivers must be encouraged and their efforts reinforced. Respite for caregivers is essential, in order to avoid caregiver burnout and the subsequent placement of the frail individual in a nursing facility.

In a recent survey, AARP found that during 1987 almost seven million Americans were functioning as caregivers to older persons; more than half (55 percent) were employed outside the home; almost one-third (31 percent) also cared for children; Caregivers spend 10 - 12 hours a week giving care and often expend their own resources in caring for a family member. Caregiving can be stressful and can also conflict with other responsibilities, such as employment, personal needs and the needs of other family members. Elder abuse, both physical and mental, has occurred when caregivers cannot cope with the stress of caregiving.

In 1987, the Nevada Legislature mandated that the Division for Aging Services establish a program to provide home and community based services for frail, elderly individuals who are at risk of institutionalization. The Community Homebased Initiative Program (CHIP) was created to offer an alternative to nursing home care and to support frail elders and their families in their efforts to keep older persons at risk in their own homes. This program provides non-medical, supportive services, such as personal care attendants, homemakers, adult companions and respite, to individuals 65 years and older.

In order to secure federal financial participation in the program, a Home and Community Based Care waiver to Medicaid regulations was obtained in 1987 through the Health Care Financing Administration.

During its brief existence, the CHIP program has proven to be cost effective. In State fiscal year 1989, CHIP services were provided to 385 older persons. The cost of services was $877,187.00. The cost for those same individuals in an intermediate care facility would have been $2,501,418.00, so there was a savings of $1,624,231.00. The average CHIP client is a white female, who is widowed, lives alone, and is between 80 to 89 years of age.

In conclusion, I would like to thank you for giving us the opportunity to bring some of our concerns to your attention. Long term care contributes greatly to catastrophic health care costs. We must work together to expand the continuum of long term care services if we are to delay or avoid increased dependency, prevent premature institutionalization and excessive costs to caregivers and the government.

Sincerely,

Mary Liveratti
Acting Deputy Administrator

ML/dm

Item 6

THOUGHTS ON ELDERLY HEALTH CARE

Marjorie Keiser
1286 Riverside
Reno,NV 89503

Problems with Current Catastrophic Health Legislation

1. Secondary insurance and Medicare already takes care of 100% hospitalization and 80 percent of drugs for many seniors
2. Seniors have terminal illnesses that are classified as long term care or guardian care and do not qualify for aid
3. Idea that the rich elderly should take care of the poor elderly does not hold for any other program
4. Provides a slush fund for congress to use in sophisticated deficit accounting

Major Problems of the Elderly

1. Pensions often are fixed rate
2. Unable to cope with paper work already required by medicare, income tax and other governmental programs
3. Only current financial aid is after all assets are spent

Health Care Needs

1. Recognition that long term skilled care can be terminal such as senility, incontenency, alzheimers, stroke
2. A definition of care that includes all senior needs when residing in a long term care facility - incontinent pads, diapers, laundry, personal items
3. A plan that doesn't dehumanize the senior by taking away all his capital prior to providing aid

Suggested Methods of payment

1. Should be a separate section of medicare - Medicare C for example Do not blackmail elderly into subscribing by attaching it to Section B or A
2. Encourage family aid. Have a Parent Care Credit for income tax similar to Child Care based on pension as well as earned income because family member caring for frail elderly are often seniors themselves with no earned income
3. Base rate on amount of pension received by the terminally ill person not family income or rate of institution
4. Housing and food is part of nursing home charge. Housing subsidy should be available to individual, food surplus to the institution
5. Money collected should become part of endowment fund and invested so that interest could help pay for program
6. Sell bonds specifically for long term care which provide income tax credit rather than interest

CREDENTIALS

Marjorie Keiser

Retired Home Economist, hold Ph.D. degree with areas of specialty in consumer economics and housing

Head, Keiser Consulting Service
current projects include management of funds for elderly parent, tax preparation for the elderly, editing papers on housing research for the elderly

Personally involved as both I and my husband are over 65